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ACT Two of the Italian revolution is done. Act One was the war, and the curtain fell with the cost of living quintupled. Act Two opened with the seizure of the steel works, and their operation by the employees, while the Government smiled benevolently and did nothing. It closes with the vote of the employees to return the factories to their owners after their wage demands have been granted, a promise of no reprisals, and a commission named to determine conditions of joint operation of factories by employees and owners. It would be a bold prophet who would predict the hour of the curtain-rise for Act Three, or the stage setting. But it takes little perspicacity to see that the play has only begun.

DARKER and darker grow the clouds which are beginning to hide the horizon of our relations with Japan. No less a friend of America than Baron Kentaro Kaneko has given an interview in which he expresses great indignation at the California proposals. That he should talk at all on such a matter is significant enough; that he should voice such deep feeling speaks volumes. Meanwhile the annual fight is on for a great addition to the Japanese fleet and the reason given is the necessity for preparing to defend Japan from the menace of ever increasing American armaments. A large public meeting in Tokio to discuss the relations between the two countries was interrupted by the police, but not until Representative Kodama had spoken very sharply against the American attitude. The Japanese press is daily giving much space to the whole question, and there seems to be a plan for a joint high commission to inquire into the whole question of our future relations. Failing this, there are proposals to constitute an informal commission of prominent men after the manner, apparently, of *The Nation's* committee on atrocities in Ireland. On this side, Cox has followed Harding's lead and told the Californians that if he is elected the Federal Government will work with California in excluding the Orientals. Next we must record with shame the words of the newly elected president of the University of California, who is daily showing his unfitness for that great post. In a press interview Dr. Barrows speaks of "foul" Japanese methods, and of the "evils of a race which we do not detest but which we will not endure." When heads of universities speak thus, what may we expect from mere agitators? Thus are wars made. But fortunately the Japanese moves for open consultations are precisely what the hour calls for.

IT makes very little difference to the outside world who is President of France. The French have such a fear of dictatorship or return to royalty that they have endowed the office with more pomp than importance. It is custom rather than law which keeps the office unimportant. Whenever a strong man becomes chief of state there is talk of more power to the President, and the newspapers prophesy that the first magistrate will cease to be a figurehead. It was so when Poincaré took office in 1913; it is so now that Paul Deschanel has given way to Millerand; but custom and tradition tend in France to overcome the will even of "strong men." M. Millerand starts his Presidency with a weak man as Premier—Georges Leygues, who held various of the lesser cabinet posts twenty years ago, who was brought up in the Delcassé school of jingo diplomacy, and was given the post of Minister of Marine in the Clemenceau war ministry. So long as Leygues continues Premier, Millerand will be the real force in French policy; but time may work just such revenges on him as on Poincaré.

THE recent settlement by the Council of the League of Nations of the Aaland Islands dispute between Finland and Sweden is by no means an indication that the League is functioning as its sponsors predicted it would. The "settlement" consists of the appointment of a commission to investigate the claims of the two countries and to make recommendations as to the final disposal of the islands. Sweden and Finland both declare they will never give up the disputed territory, and, as neither country is legally bound to accept the commission's findings and the League has no power to enforce them, the situation is precisely what it would have been had the two countries submitted their dispute to the prewar Hague tribunal. As for the League's intervention between Poland and Lithuania, its only result so far would seem to be that M. Paderewski

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shook hands with the Lithuanian foreign minister. Queen Wilhelmina of Holland stated at the opening of the Dutch Parliament that the League had failed to come up to expectations and under the circumstances Holland would take steps to reinforce its active military forces!

INABILITY of the farmers of the grain-raising sections to secure cars in which to ship their crops appears to be due more to immobile railroad equipment than to lack of it. Under direction of the Illinois Agricultural Association, farmers of the State have completed a survey of 494 railroad yards in 46 counties. The cars in each yard were listed on a given day, and a second inspection was made a week later. In Grundy county reports were made in regard to nine stations. Four of them showed a complete clearance. At the other five, 454 cars were listed on the first count. Seven days later 236, or more than half of the identical cars were still there. That they were not in bad order is shown by the fact that 224 of them were loaded. At 146 stations it was found that 10 per cent of the cars listed remained unmoved for the week in question. Large numbers of empty cars were found in every county—many of them suitable for carrying grain. If the percentage of idle cars in the United States approaches the condition revealed by this farmers' survey, it appears once more that what is needed is not more equipment but more speed in handling what exists and more insistence that shippers unload and release cars promptly. Mr. D. O. Thompson, secretary of the Illinois Agricultural Association, makes the following statement in his report of the survey: "Farmers are vitally interested in knowing whether this situation is due to inertia on the part of railroad officials, caused by guaranteed profits, indolence of railroad workers induced by the recent wage raise and augmented by an eight-hour day with time and a half for overtime, or simply a condition in which we find ourselves and which we must outgrow, with all parties concerned doing their level best. The next step of the farmers' business organizations will be to find the real reason of inefficient transportation."

WHAT is the use of going after a single anarchist if the President of the United States can void his oath of office and deliberately disobey the Constitution of the United States? The question arises because Mr. Wilson declares that he will not obey the mandate of the Jones Merchant Marine act of June 5 last, which directed him to notify within ninety days all foreign governments that this country elected to terminate all treaties restricting the right of this Government to impose discriminatory duties upon imports and discriminatory tonnage dues. We agree with Mr. Hannis Taylor, who ranks as a foremost constitutional authority, that the President could be impeached for this, and we believe that he should be. The incident is entirely characteristic of Mr. Wilson. The latter is correct in his opposition to the provisions of the law—the proposed policy is economically indefensible and politically stupid—and he may be justified in saying that this is an interference by Congress with a phase of our foreign policy which is the prerogative of the Executive. Why, then, did he sign the bill last June instead of vetoing it? He made it law by his own act and now decides that he will not abide by it. He cites as a precedent President Hayes's veto of a bill ordering him to abrogate certain agreements with China. But President Hayes took the correct course; he vetoed the bill when it came before him. Probably Mr. Wilson did not read the Jones bill—a procedure sometimes worth while—before signing it. Now he seeks to offset his own delinquency, or error of judgment, by overriding in an illegal manner the wish of Congress. It is a grave blow to the American Constitution, which Republicans and Democrats alike ought to act upon the minute Congress reassembles.

GEORGE NASMYTH, who has just died in Switzerland, was a loyal international citizen. He started life as a physicist, but his period of study in Europe swept him into the tide of young internationalists who foresaw and hoped desperately to forestall the coming war. He was largely instrumental in forming the International Students Clubs and encouraging the feeble groups of anti-militarist students in the German universities in the decade before the war; he was elected president of Corda Fratres, the International Federation of Students, at Rome in 1911; he was a leader in the student groups in England and America which dreamed so lustily in the first years of the World War of what a league of nations might be. During America's participation in the war he served with the Fuel Administration in Washington; then, after the armistice, returned to Europe, first as delegate to an international Congress of Cooperative Societies, then to organize the first post-war conference of the World Alliance for Promoting International Friendship through the Churches held at the Hague last autumn, and later to regather the scattered strands of the international student movement. The world is poorer for the loss of George Nasmyth's enduring and energetic faith in it.

THE making of denials is a business, or a science, or an art, according to the point of view, and with some it is a policy. It is hard to say what it has been with Franklin Roosevelt and Senator Harding. Mr. Roosevelt made a speech at Butte on August 18 in which the Associated Press reported his saying that he had "had something to do with the running of a couple of little republics. The fact is, I wrote Haiti's Constitution myself. . . . Until last week, I had two votes in the League Assembly myself." He was also quoted as saying the United States controlled about twelve votes of little Latin American republics in the League. Days passed, and the statement was printed and reprinted. Finally, on September 2, Mr. Roosevelt issued a lengthy denial, not of the Haiti, but of the League statement. He had merely said that about twelve republics would feel that their interests bound them to vote with the United States. Two weeks later still Senator Harding quoted the statements about Haiti and Santo Domingo; he did not mention the twelve votes in the League. Mr. Roosevelt telegraphed his regret that the Senator should put into his mouth "an alleged statement about the votes in the League of Nations of Haiti and Santo Domingo which I had already publicly denied making." It was Senator Harding's turn, and he spoke with super-senatorial subtlety. "I am frank to say I had not seen and have not yet seen *such* denial," he telegraphed, "but I accept your statement in good faith and express regret that I should have quoted you."

THE campaign drags on its weary length, without life, vitality, or popular interest. Cox has spoken on prohibition, stating that the issue "is as dead as slavery."

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Harding stands proudly on his record—whether as an owner of brewery shares, or as one who voted usually with the "wets," and then slipped over to the "drys," is not quite clear. His letter of April last, favoring recognition of the Soviet Government, he ignores now that it has seen the light of day. Only by his refusal to imitate Cox in constantly attacking people in the opposition does he shine. As for the Ohio Governor, he continues to "see things." He finds the Republicans are denying him publicity by exercising illicit pressure upon the Western newspapers; that Republican scouts precede him to prepare a hostile atmosphere for him; and he is still obsessed by the idea that the Republicans are buying up the election. Meanwhile it appears that the Democratic national organization is destitute of funds, and has been able to raise only $135,000; so that the closing of the headquarters in New York has been seriously discussed. Never was one of the old parties so short of money; indeed, it is rumored that the stenographic employees would have gone home unpaid several week-ends if it had not been for the generosity of James W. Gerard. Now all the Democratic hopes are centered on Mr. Wilson's declarations to the people, soon to begin. *Absit omen!* Will they aid the Republicans as did his famous missive in the Congressional elections of two years ago? Meanwhile no enlightenment, no illumination, no program anywhere. Only a determination to elect Harding by disgust.

PERHAPS the most significant aspect of the campaign of 1920 is the cleavage from the two old parties in the States of the Northwest. In North Dakota, South Dakota, and Montana this has been accomplished chiefly by the Nonpartisan League, and in Wisconsin by the League working in conjunction with the La Follette forces. The capture of the Democratic primaries in Colorado was achieved mainly by the State organization of the Farmer-Labor Party, while in Washington this party has superseded the old Triple Alliance, and has adopted a program, calling, among other things, for a State-owned bank. James Duncan, secretary of the Seattle Labor Council, has been nominated for Congress in the first district, and C. J. France, who was ousted as secretary of the Port of Seattle because of his affiliation with the Farmer-Labor Party, has been put up for the United States Senate. The State campaign is the leading issue everywhere; the Presidential campaign is receiving almost no attention. In States where the Nonpartisan League is the chief factor, the Presidential electors will probably go by default to whichever of the old parties the Nonpartisan League nominally represents. In Colorado and Washington, however, Christensen will presumably get the full vote of the insurgent movement, and this is also true in South Dakota, where the Nonpartisan League is organized as a national party.

"I HAVE seen to it," said Attorney General Palmer to the labor men and Socialists who came to ask amnesty for political prisoners, "that no prosecutions under it [the Espionage act] have been instituted since the armistice." In January, 1919, Morris Zucker of Brooklyn was sentenced to fifteen years for a speech which he made on November 30, 1918. In August, 1919, Jacob Isaacson was indicted for an editorial against the Victory Liberty Loan, which appeared during the previous spring in an issue of *Freedom*. During the following month J. E. Snyder, editor of the Oakland *World*, was prosecuted for an editorial to the effect that the Constitution was dying. In November, 1919, E. B. Ault and Anna Louise Strong, editors of the Seattle *Union Record*, were indicted for an editorial concerning the Centralia affair. Finally, more than a year after the armistice, three Socialists were arrested and tried for circulating posters showing conditions in Federal prisons and demanding the release of all political prisoners. These cases—all of them prosecuted under the Federal law—are even more illuminating in the light of a letter written by R. P. Stewart, Assistant-Attorney General, to Albert DeSilver, a New York lawyer interested in Isaacson. "With reference to your statement regarding the Espionage act, I desire to state that the act is enforced not as a matter of war strategy or war policy, but because it is a war penal law, the enforcement of which is the duty of this Department, as is the case of any other penal law." The war, as an excuse for political prosecution, is over. As for Mr. Palmer's statement, it is not true. We fear the truth is not in him.

IS the cost of living coming down? The Department of Labor reports that the index number of the Bureau of Labor Statistics dropped 4½ per cent during August. The Amoskeag Manufacturing Company announces a cut of one-third in the price of cotton goods for fear that its cotton department will have to shut down as the woolen department has already done. Henry Ford handsomely reduces the price of his black beetles of the road 14 to 31 per cent, with no decrease in wages. Various other manufacturing companies are following suit to a greater or less degree, and in some of the large retail stores the "sales" and price reductions for fall and winter clothing have set in unusually early. The ultimate consumer, poor worm though he be, is the one who has brought about any reduction that has appeared or may follow, not by brass bands and transparencies, nor by "drastic measures" taken against the wicked profiteers, but merely by drawing in his horns and sitting tight; by refusing to buy anything but the barest necessities, because in the circumstances he could not afford to do otherwise.

JACOB H. SCHIFF ranked beyond question as one of the greatest of American philanthropists. His bounty was truly boundless as the sea and he knew no caste in his giving. Christians came to him for aid in their undertakings, even when they had a religious tinge, and rarely went away unaided. He made money in order to do good with it; certainly no one has felt a greater responsibility in dispensing riches accumulated. He possessed in high degree the respect of the business world and the public, so that President Wilson's telegram of sympathy to Mrs. Schiff expressing his belief that "the nation has lost one of its most useful citizens" expresses the general opinion. Unlike many others, Mr. Schiff did not label all his gifts or trumpet them abroad; to innumerable persons he gave at the critical period of their careers a helping hand, so that literally multitudes have risen up to call him blessed. In international affairs he was a man of the world. Unable to approve of Germany's course in starting the war, he overcame the natural influence of his close personal and business ties with Germany and stood out against the Kaiser's Government, without, however, losing for a moment his sympathy with the people of Germany. To the Jewish people his loss is almost an irreparable one, and by them, too, will his memory be enduringly cherished.

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"Pitiless Publicity" for Haiti

A FLOOD of statements, counter-statements and mis-statements, admissions, confusions, and denials, regarding facts and policies in Haiti and Santo Domingo poured out of Washington last week. *The Nation* rejoices that the course of our Government in those republics will at last be forced to face the test of public knowledge and public opinion, and is proud that it led the way in exposing the facts. It was Senator Harding's repetition of charges first made in *The Nation* which unsealed the lips of Washington officials, but the long statements issued by Secretary of State Colby have been specific replies to charges which have been made exclusively in Mr. Herbert J. Seligmann's and Mr. James Weldon Johnson's articles in *The Nation*.

After all this outpouring from Washington, and the hasty defense and outcry against "radical criticism" by Administration newspapers, the case against the course of the United States in Haiti and Santo Domingo remains untouched. We intervened, *The Nation* believes, on quite inadequate grounds, although as to that opinions may honestly differ; having intervened, we relentlessly extended the scope of our authority in a brutal and unjustifiable manner, dissolving the Haitian Parliament at the points of American bayonets, forcing unwilling acceptance of an overbearing treaty, removing the entire Government of Santo Domingo and setting up an arbitrary Government by military fiat, killing thousands of opponents of our regime (three thousand in Haiti) as "bandits," establishing a strict censorship and so avoiding the test of public knowledge and opinion, and forcing upon the unhappy little republics financial agreements favoring certain American banks. Some of the worst abuses have been remedied, though the wounds remain; the *corvée*, or slave labor, which we revived in Haiti, has now been abolished; indiscriminate shooting and torture have been lessened; but the incompetent administrative methods of the Americans continue to be a luxury which the island cannot afford, the financial control lodged in American hands is still used, contrary to the treaty, to force measures in favor of the National City Bank of New York City, and the absolute domination of military rule to the exclusion of local civilian self-government persists in Santo Domingo. "Self-determination" and "rights of small nations" as used by American statesmen are still tragic jests in the Caribbean.

Secretary Colby and Secretary Daniels have both taken a hand in replying to *The Nation's* charges. On September 18 Secretary Daniels quoted Senator Harding's charge that "thousands of native Haitians have been killed by American marines." He called it an "unjust reflection upon the brave and patriotic members of the Marine Corps on duty in Haiti." But he did not and he cannot honestly deny that our marines have killed three thousand Haitians. On the same day Mr. Colby said:

> The American control in Haiti and Santo Domingo is not Administration control, but was undertaken at the invitation of those peoples and with public opinion of the United States and the better opinion of the two republics in favor of it. A solemn treaty was entered into between the two governments providing for the use of American naval forces to stamp down banditry there.

Mr. Colby is in error; American control of neither republic was undertaken at the invitation of the people. The attitude of Haiti is sufficiently shown in the pathetic proclamation issued by President Dartiguenave on September 4, 1915 (reprinted in *The Nation* for August 28, 1920), when American forces seized the Haitian customs-houses, two weeks before what Mr. Colby calls "a solemn treaty"—which Haiti, before that military occupation, had refused to accept—was forced upon Haiti. Military dictatorship and military censorship failed to give Dominicans in Santo Domingo so much as a chance to protest.

Long stories emanating from the State Department appeared in the newspapers on September 20. They informed us that Admiral H. S. Knapp had been sent to Haiti to investigate and adjust the difficulties between the National City Bank of New York City, controlling the National Bank of Haiti, and the Haitian Government and other commercial and financial interests, and that Major-General J. A. Lejeune had been in Haiti two weeks preparing a report on the American force of occupation for Secretary Daniels. Now General Lejeune, Commandant of the Marine Corps, naturally sees things through Marine Corps eyes; in a letter which *The Nation* printed in its issue of July 24 he virtually confirmed criticisms of our course in the nominally independent republic of Haiti and dismissed them with the sweeping remark that "as in all work in countries like Haiti mistakes are bound to be made." Admiral Knapp was in command of the American forces which seized the Government of the Republic of Santo Domingo in December, 1916; he signed the extraordinary series of "executive orders" transferring the various Dominican cabinet positions from Dominican citizens to officers of the United States Marine Corps, dissolving the Dominican Congress, and suppressing the institutions of popular government. In judging his fitness for his new task it is worth recalling "Executive Order No. 42 of the Military Government of Santo Domingo" issued March 17, 1917, and signed by this same H. S. Knapp, then "Captain, U.S.N., Commander, Cruiser Force, United States Atlantic Fleet, Commanding Forces in Occupation in Santo Domingo." It reads:

> The International Banking Corporation of New York City being about to succeed to the business of the bank conducted in Santo Domingo City by Mr. Santiago Michelena, which is the present appointed depositary of funds for the Dominican Government, it is hereby ordered and decreed:
>
> 1. That the branch in Santo Domingo of the International Banking Corporation of New York City is hereby appointed depositary of funds of the Dominican Republic on and after April 1, 1917.
>
> 2. The officer who, under the Military Government, is administering the affairs of the Department of Hacienda y Comercio of the Dominican Republic, is hereby authorized to execute any necessary contract in conjunction with the duly authorized representatives of the International Banking Corporation of New York City, in order to establish the respective rights, obligations, and duties of the contracting parties.
>
> 3. The transfer of the Dominican Republic funds from Mr. Santiago Michelena to the International Banking Corporation of New York City shall become effective April 1, 1917, previous to which date the contracts authorized under the second paragraph of this order shall be executed.

We copy the order verbatim from the official gazette of the Dominican Republic for March 21, 1917. In the issue for March 28 we find an "Agreement between the Military Government of the Dominican Republic, represented by Paymaster I. T. Hagner, U.S.N., the officer administering

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the affairs of the Department of Hacienda y Comercio, hereinafter called the Government, and the International Banking Corporation," whereby the Government, payment on whose debts had been suspended by one of Captain Knapp's Executive Orders, made the Government's debt to Mr. Michelena, *which the International Banking Corporation was about to take over*, a preferred debt over all other indebtedness, with interest at 9 per cent. We also find a "Contract" between the same parties, whereby the Government agrees to deposit all its revenues with the Corporation, receiving 2¾ per cent interest, less ¾ per cent to be paid to the Corporation as compensation for service as depositary.

The International Banking Corporation is affiliated with the National City Bank; Knapp is the man who is now selected by our State and Navy departments to investigate charges of improper favoritism to the National City Bank in Haiti!

September 21 brought another statement from the State Department. It was in part a justification of the original intervention in Haiti, repeating the high purposes announced at that time. Continuing, it mentioned that disorder in Haiti in 1915 "resulted in the landing of French troops in Port-au-Prince" even before American marines were landed, and said that further aggression was feared. French troops did land. Mr. Colby might, however, have gone further and mentioned the number of French troops landed: eight men were sent ashore to guard the Legation —not a serious menace to the Monroe Doctrine! The second part of the State Department's statement was in answer to Mr. Johnson's documented article in *The Nation* for September 11: Government Of, By, and For the National City Bank. This statement declared that:

> No assistance or support has been given the National City Bank in Haiti other than that which would be extended to any first-class American bank in any foreign country. Far from encouraging the National City Bank in obtaining monopolistic privileges, the Department has, in so far as it has had an opportunity to exert an influence, used it toward preventing the National City Bank from enjoying monopolistic privileges.

At the same time it was announced that the State Department approved the action of John McIlhenny, American Financial Adviser to Haiti, in withholding the salary of the President of Haiti and other cabinet officials, and stated that such action was taken to compel fulfilment of Haiti's treaty obligations.

What assistance or support the State Department stands ready to extend to any first-class American bank abroad, it is, of course, impossible for *The Nation* to say. *The Nation* did, however, charge, and it repeats the charge, which is supported by the protest of almost every important firm doing business in Haiti, with the exception of the National City Bank, that our State Department instructed Mr. McIlhenny to insist that the Haitian Government approve "a modification of the bank contract agreed upon by the [U. S.] Department of State and the National City Bank" and agree to a new charter for the National Bank of Haiti; that after the Haitian Government had reluctantly consented to sign, a new clause favoring the National City Bank was surreptitiously added to the agreement, unknown to the Haitian Government; that the Financial Adviser, to force the signature of the modified agreement, stopped payment of the salaries of the President of Haiti and of his cabinet ministers—not, as the State Department says, to force fulfilment of a treaty, but in violation of the treaty and to force acceptance of a clause giving to the National City Bank what the business men called "a sort of monopoly in the foreign money market." These charges, and the data substantiating them, are matters of record; *The Nation* printed official documents supporting them in its issue of September 11; they are not met and cannot be downed by vague generalities and implied denials.

Newspaper comment on the issues raised by Mr. Colby's various defenses has divided on sharp party lines. This is a pity; the issues have nothing to do with party politics. The New York *Times* is probably quite right in its cynical defense that a Republican Administration would have committed the same crimes. The crime remains; the Administration has suppressed free government in Haiti and Santo Domingo. A black stain must be removed from the American scutcheon, the American people must be made fully aware what is being done in their name, and the nation restored to a position where it can once more speak of freedom and liberty, of self-determination and small nations, without giving cause for cynical smiles in Europe and violent charges of hypocrisy throughout Latin America. Congress at its coming session must be prompt to investigate, and must tolerate no official white-washing.

The Committee on Ireland

THE organization of a Committee of One Hundred for the investigation of atrocities in Ireland was announced last week by *The Nation*. The response to the invitations which were sent out has been gratifying. Not only have the one hundred acceptances which were originally set as a goal been received, but that number has been exceeded and the list is still growing. The names of eighty-nine members were printed in last week's issue. The additional names, up to the time of going to press, are:

United States Senators McNary, Oregon, and Ramsdell, Louisiana; Governors Bamberger of Utah, and Edwards of New Jersey; Mayors Beck, Akron, Ohio; Plunkett, Phoenix, Arizona; Kiel, St. Louis, Missouri.

Fred G. Biedenkapp, Brotherhood of Metal Workers, New York City; Alice Stone Blackwell, Boston; Professor Arthur C. Cole, University of Illinois; H. W. L. Dana, Cambridge, Massachusetts; the Rev. William Horace Day, Bridgeport, Connecticut; Frederic C. Howe, Harmon, N. Y.; the Rev. G. S. Lackland, Denver, Colorado; Rabbi Judah L. Magnes, New York City; Albert Jay Nock, editor of the *Freeman*, New York City; M. O'Neill, Akron, Ohio; the Rev. William Austin Smith, editor of the *Churchman*, New York City; Professor Richard C. Tolman, American University, Washington, D. C.; L. Hollingsworth Wood, New York City.

The Committee is now engaged in choosing a Commission of five members to conduct the investigation. It is hoped that the Commission may be able to begin its sittings at Washington by the middle of October. Mr. William MacDonald, associate editor of *The Nation*, will act as secretary of the Commission. The sessions at Washington or elsewhere will be open to the public, and all the evidence submitted from day to day will be available for the press.

Invitations to come to the United States and testify before the Commission have been sent to Mrs. Terence MacSwiney, wife of the Lord Mayor of Cork; Mrs. Thomas MacCurtain, widow of the late Lord Mayor of Cork who was murdered last March; the mother of Police Inspector

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Swanzy who was murdered at Lisburn a few weeks ago; Mr. John Derham, town commissioner of Balbriggan, sacked by English soldiers last week; Sir Horace Plunkett, a leading advocate of dominion government for Ireland; the mayors of Belfast, Londonderry, Thurlos, and Lisburn, and the acting Lord Mayor of Cork; and Mr. George Russell ("Æ"), the well-known Irish writer and correspondent. Other persons having first-hand knowledge of atrocities in Ireland, including a number who are now in this country, will also be invited. Witnesses who are prepared to tell of Sinn Fein violence will, of course, be heard. Documentary material relating to the subject-matter of the investigation is also being prepared for the use of the Commission.

The editors of *The Nation* wish again to emphasize the entirely nonpartisan and non-political character of the proposed investigation. The position of *The Nation* with regard to British policy in Ireland and the demand for Irish self-government or independence has been repeatedly stated, and we shall continue to discuss those subjects editorially in the future with the same freedom with which we have discussed them in the past. The editorial opinion of *The Nation*, however, will have no bearing whatever upon the work of the Commission. The sole duty of that body will be the impartial examination of the testimony regarding atrocities in Ireland that will come before it. The appalling conditions which prevail in Ireland have aroused the world. The Commission will undertake to sift the evidence and present the facts; then let who ought take notice.

Traitors and Anarchists

NOWHERE has the expulsion of the duly reelected Socialists from the New York Assembly been more admirably characterized than by the New York *World*, which declares:

> The New York Assembly says in so many words to every radical that he must not appeal to constitutional processes and can have no resort except to violence. No other such open championship of anarchy and the methods of anarchy has ever been known in the United States as the New York Assembly has made under the hypocritical pretense of vindicating patriotism. As a result of it the Socialist Party, with all that it represents, is thrust forward as the chief advocate of representative government in this State. There is nobody who is weak-minded enough to believe that patriotism or Americanism had anything to do with the ouster of the Socialist Assemblymen. If these men were not regarded as implacably hostile to the great property interests of New York, they could mock the Constitution night and morning without arousing a semblance of resentment in Albany.

Precisely. And if this infamous assault on everything most fundamentally and sacredly American is allowed to stand, rights of minorities will nowhere be safe, and our representative and orderly government will be imperiled as it has not been and never could be by all the "radical" propaganda in the world. Exclusion of duly elected Roman Catholic representatives in the South could easily follow such a precedent; in that section the general attitude toward members of the Roman Catholic faith is as baseless and bigoted as the Assembly's toward Socialists. This is a possibility to be commended to the earnest consideration of Mr. Martin McCue and others. It might well lead to similar outrages against Republicans or Democrats, Irish or Jews, Swedes or Italians, in sections where tribal superstitions, coupled with economic competition, render any particular group feared and disliked.

What is to be done? It is evident that no change of mind or heart is possible from the present Assembly whose Republican and Democratic members supporting the ouster are the "perpetual traitors" in the case—traitors to all things American. It therefore behooves every liberty-loving citizen of New York to vote against these men in November, and to register in the only legitimate way—which these men have sought to destroy—a determination that government by law under the Constitution shall not perish. This is the paramount issue in New York State and indeed in the whole country today.

Meanwhile the attempt is being made in the high places of reaction to assign some share of participation in the recent crime on Wall Street to the "preachers of discontent"; by which is meant those who are trying to do away with abuses of the existing order. The New York *Times*, one of the two New York dailies indecent enough to continue its defense of the proceedings at Albany, selected Senators Hiram Johnson and Borah for editorial castigation because of their criticisms of international bankers, while the New York *Tribune* (which, after an original indorsement of Sweetism, switched and is now sound on the Albany situation), and Mr. Munsey's *Evening Sun* hold the "parlor bolshevists" not without indirect responsibility for the explosion. Moral complicity is at all times a dangerous accusation, difficult of proof, and usually not only unfair but false in its implications. But, if the Wall Street horror proves to have been the act of an anarchist, no more appropriate place to lay the charge of indirect responsibility for it can be found than at the door of those who deny the orderly and established use of the ballot as a method of protest and political change, and force into the disordered consciousness of the unbalanced fanatic the belief that violence and bombs alone are left. If there is indirect responsibility, it belongs to Speaker Thaddeus C. Sweet and his anarchist gang.

Side Stepping with Cox

Special Dispatch from the Candidential Train

GOVERNOR COX made the same splendid success as a vote getter in the Southwest that he did in the Northwest. In the latter section his intimate practical knowledge of farming made him hosts of friends among the wheat-growers and cattle-raisers. The Nonpartisan League audiences were inclined to be a little cold at first, but warmed up wonderfully after his talk at Devil's Lake, North Dakota, in which, talking as one farmer to another, he proved in ten minutes that he knew the difference between a Jersey cow and an ear of corn. This triumph was duplicated among the fruit-growers of California, where he won many converts to the League of Nations by showing that he is aware that apple butter is not made in a churn.

The strongest of all Governor Cox's arguments for the Wilson policies, however, is the candidate's winning personality. Nobody who has ever seen him kiss a baby could doubt his ability to guide America's foreign policy wisely. He is the only Presidential candidate who has been able to kiss other people's babies as if he enjoyed it. This has made him well-nigh invulnerable with women voters, one of whom was heard to remark last night: "Surely a man

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who kisses babies the way he does could never break the heart of the world."

All along the route of the special train people have been immensely impressed by Governor Cox's charges in regard to the Republican campaign fund. His methods in this respect have been as ingratiating as his manner of kissing babies. No rough stuff for him. He gives leads but not names, fancies rather than figures, inferences in place of facts. His accusations have aroused interest everywhere. All that people are waiting for now is the proofs.

But to realize the full adroitness of the candidate's campaign methods one must hear him prove that the League of Nations is not what its constitution says it is, less than Mr. Harding fears it may become, and as much as President Wilson declares it must be. "What the world wants is peace," said Governor Cox, in the course of an eloquent address in Arizona. "Many of you voted for our illustrious President in 1916 because he kept us out of war. Now, of course, in 1917-18 he did not keep us out of war. . . ."

"No," interrupted a hearer, "but in 1919-20 he kept us out of peace."

"Not at all, not at all!" replied the candidate, a globule of perspiration coming to his brow. "It was the faithless, unpatriotic, and unrepresentative Republican oligarchy in the Senate that did that. Now if America were in the League. . . ."

"But," came the interruption again, "doesn't Article X mean that if the Upper Silesians should invade the Czecho-Slovakians, our boys would have to go over and drive the invaders back?"

"Certainly not," said Governor Cox, and added with his usual lucidity: "Article X means—it means that—that if the Lower Californians were to attack *you* Arizonians, the Azerbaidjianians would have to come over and help *you* repel the enemy."

"But," insisted the inquirer, "do you think it would be easy to get the Azerbaidjianians to do that?"

A trace of irritation showed in the voice of Governor Cox—for the first time during the trip. "I think," said he, a little wearily, "that anything would be easy after three months spent trying to make the Treaty of Versailles look like the Fourteen Points."

And he stooped and kissed another baby.

Certain Neglected Books

THE Americans who believe that American literature is good enough as it is, and who sit down to read the same smooth old native classics over again, probably have as gay a time as they deserve, but they miss a good deal. The Americans who so continually abuse American literature because it is no better than it is that they have no time to read anything but the smooth classics (which they will not read) are even worse off than the patriots, who at least know something though not much. But both sets of Americans darken counsel with words without real knowledge. Question either, and the chances are they have hardly heard of dozens of books which can no more be left out of account than the wit of an Irishman, or the onion of a stew. They either look blank or snort at the mere mention of colonial authorship, and yet the mystical writings of Jonathan Edwards—not his savage sermons—are among the most exquisite and thrilling of his century, and the letters of Benjamin Franklin are some of the best reading on earth. Think of the fluttering of the encyclopedias which went on a few years ago when President Eliot included John Woolman's Journal in the Five Foot Shelf! Think of the fluttering that would now go on if some one of our first citizens were to point out that Samuel Sewall's diary is almost as amusing as Samuel Pepys's!

Not to go too far from the present, what about Davy Crockett's incomparably racy autobiography for people who sniff at the frontiersman of Fenimore Cooper? And what shall we say of those who sleep over "Hiawatha"—not too unnaturally—but have never seen Frank Cushing's versions of the Zuñi folk-tales? They are the same sort as those who vaguely remember Uncle Remus as an entertainer of the nursery and never realize that he and his inventions are not matched once in a century. In poetry they complain of Longfellow—Whittier—Holmes—Lowell, of course, or admire them for wrong qualities, but if you ask them of Emily Dickinson or Father Tabb they are embarrassed, and they have never read more deeply into Whitman than the half a dozen pieces which have beguiled the anthologists. They do not know that "Moby Dick" is one of the great romances of the world; that the same author's "Mardi," strange mad book as it is, has as quaint meat in it as "The Anatomy of Melancholy"; that "Typee" and "Omoo" and Charles Warren Stoddard's "South Sea Idyls" are alive and aglow with imperishable tropic beauty. They will have looked in vain in all the manuals for an account of E. W. Howe's "The Story of a Country Town," although there never was a literature that could afford to overlook it. They know Thoreau for his "Nature" writings, so dear to the spinsterly bosom, but do not guess that he is ten times more important as a philosophical anarchist. They know Emerson without knowing his supreme essay on Illusions. They do not even recall Hawthorne's The Seven Vagabonds or Ethan Brand. They will have heard of "Daisy Miller" and perhaps "The American" and "The Turn of the Screw"; but ask them about Henry James's The Lesson of the Master or The Next Time or The Altar of the Dead, and see what happens. They can tell you about "Huckleberry Finn" or "The Rise of Silas Lapham"; but do not try them with "The Mysterious Stranger" or "The Leatherwood God." Suppose they are awake to the "Spoon River Anthology" or "Winesburg, Ohio" or "The Education of Henry Adams" or "North of Boston." Do they know "Mont St. Michel and Chartres" or "Mountain Interval" or "Xingu and Other Stories" or "Twelve Men" or "The Fugitive Blacksmith"?

The list might be stretched out on this line all fall and winter without reaching a necessary end—or without curing the trouble. The fact of the situation is that we seriously need a new examination of our literary assets, now jumbled confusedly together in a welter of collected editions and tangled copyrights. Vested interests as well as stodgy traditions have held the elbow of Time from his natural winnowing. Our most brilliant critics, irritated at the delay, continually snarl at our literature because it is not what it is not. Well, the way to a better condition lies partly along the road of critical contempt. But partly it lies along the road of a sifting scholarship which will do more than has been done to show us how rich our literature actually it. Although we shall doubtless not see any super-anthologist who could bring all these good things together in a solid corpus of American literature, we need at least better guide posts than we have.

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Standing Behind the President—An Impossibility

By JOHN KENNETH TURNER

WRITING to Senator Hitchcock, March 8, 1920, President Wilson asserted that a militaristic party, defeated at the Peace Conference, had subsequently achieved control of France:

Throughout the sessions of the conference in Paris it was evident that a militaristic party, under the most influential leadership, was seeking to gain ascendancy in the counsels of France. They were defeated then, but are in control now.

But in his September treaty tour the President expressed the view that the militaristic party was in control of France during the conference, his picture of victorious French militarism being painted in the following words:

Again and again, my fellow citizens, in the conference at Paris we were face to face with this circumstance, that in dealing with a particular civil government we found that they would not dare to promise what their general staff was not willing that they should promise; that they were dominated by the military machine which they had created, nominally for their own defense, but really, whether they willed it or not, for the provocation of war. So soon as you have a military class, it does not make any difference what your form of government is, if you are determined to be armed to the teeth, you must obey the orders and directions of the only men who can control the great machinery of war. [Speech at Kansas City, Sept. 6, 1919.]

In the midst of the conference itself we find the President taking a third view of this important question. Far from hinting that militarism was a factor in any allied country, he assured the American people that it was dead throughout the world:

Today the world stands freed from the threat of militarism. [Victory Loan Message, April 19, 1919.]

Writing to the Prime Ministers of France and Great Britain, March 4, 1920, opposing their projected Adriatic settlement, President Wilson asserted that at Paris he had not considered himself bound by the Entente secret treaties:

The definite and well-accepted policy of the American Government throughout its participation in the deliberations of the Peace Conference was that it did not consider itself bound by secret treaties of which it had previously not known the existence.

Prior to that date, however, he had repeatedly acknowledged that he had considered himself bound by the secret treaties. For example:

One of the difficulties in framing this treaty was the fact that after we got over there private secret treaties were springing up on all sides, like a noxious growth. You had to guard your breathing apparatus against the miasma that rose from it. But they were treaties, and the war had been fought on the principle of the sacredness of treaties. We could not propose that solemn obligations, however unwisely undertaken, should be disregarded. [Speech at St. Paul, Sept. 9, 1919.]

In the March 8 letter to Senator Hitchcock, also, the President mentioned what he termed "wrong ambition" on the part of our allies, and suggested that, without the adoption of Article Ten, we could not be certain that such wrong ambition would be discarded:

It must not be forgotten, Senator, that this article constitutes a renunciation of wrong ambition on the part of powerful nations with whom we were associated in the war. It is by no means certain that without this article any such renunciation will take place. Militaristic ambitions and imperialistic policies are by no means dead, even in the counsels of the nations whom we most trust and with whom we most desire to be associated in the tasks of peace.

But frequently, throughout the war, during the Peace Conference, and afterwards, the President had assured us that our allies were quite incapable of wrong ambition. To his Cheyenne audience [Sept. 4, 1919] he painted a pleasant picture of Entente unselfishness at Paris in the following words:

Every thought of aggrandizement, of territorial or political aggrandizement, on the part of the great powers, was brushed aside, brushed aside by their own representatives. They declined to take the colonies of Germany in sovereignty. . . . They did not claim a single piece of territory.

The President had even informed us that none of these governments had ever been guilty of a dishonorable act:

I challenge anybody to show where, in recent years . . . there has been the repudiation of an international obligation by France—or Italy—or Great Britain—or Japan. . . . There can be cited no instance where these governments have been dishonorable. [Speech at Billings, Sept. 11.]

Nevertheless, during the same tour, we find the President himself citing instances of dishonorable action on the part of Japan, England, and France. Describing the rape of China in the San Francisco speech [September 17] he referred to the French, British, and Japanese holdings there as "stolen territories," and admitted: "She [Japan] has it [Shantung] as spoils of war." While in the Cheyenne speech he said:

You know that China has been the common prey of the great European Powers. . . . There was a very serious impairment of the territorial integrity of China in every one of them [the concessions referred to], and a very serious interference with the political independence of that great political kingdom.

Regarding the alleged pledge of Japan to return Shantung, the President, at times, suggested that England and France had given pledges of a similar character:

Sitting around our council board in Paris I put this question: "May I expect that this will be the beginning of the retrocession to China of the exceptional rights which other Governments have enjoyed there?" The responsible representatives of the other great Governments said: "Yes, you may expect it." [San Francisco, Sept. 17.]

Three days later, however, we find him asserting that no such promise had been made:

Back of this provision with regard to Shantung lies, as everybody knows or ought to know, a very honorable promise which was made by the Government of Japan in my presence in Paris, namely, that just as soon as possible after ratification of this treaty they will return to China all sovereign rights in the province of Shantung. Great Britain has not promised to return Wei-Hai-Wei; France has not promised to return her part. [Speech at Los Angeles.]

Notwithstanding such admissions the President boldly proclaimed that his treaty put into general operation the principle of self-determination:

The heart and center of this treaty is the principle adopted not only in this treaty but put into effect also in the treaty with Austria, in the treaty with Hungary, in the treaty with

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Bulgaria, in the treaty with Turkey, that every great territory in the world belongs to the people who are living on it. [San Diego, Sept. 19.]

That the Treaty of Versailles subjects Germany to a punitive indemnity was acknowledged by the President in the Columbus speech [September 4] in the following words:

In the first place, my fellow countrymen, it [the treaty] seeks to punish one of the greatest wrongs ever done in history, the wrong which Germany sought to do to the world and to civilization; and there ought to be no weak purpose with regard to the application of that punishment. She attempted an intolerable thing, and she must be made to pay for the attempt.

But a little farther along in the same speech the President denied that the treaty provided for any indemnity whatsoever. Payment was exacted merely to make good the losses:

Look even into the severe terms of reparation—for there was no indemnity. No indemnity of any sort was claimed, merely reparation, merely paying for the destruction done, merely making good the losses. . . . There is no indemnity in this treaty.

In the next breath, same speech, the President again justified the German assessment as a punishment for wrong done:

The reparation . . . will be pressed to the utmost point which Germany can pay—which is just, which is righteous. It would have been intolerable if there had been anything else. For, my fellow citizens, this treaty is not meant merely to end this single war. It is meant as a notice to every government which in the future will attempt this thing that mankind will unite to inflict the same punishment.

The President asserted that the war was a commercial and industrial war, as distinct from a political war:

Why, my fellow citizens, is there any man here, or any woman—let me say, is there any child here, who does not know that the seed of war in the modern world is industrial and commercial rivalry? . . . This war, in its inception, was a commercial and industrial war. It was not a political war. [St. Louis, Sept. 5.]

But from April 2, 1917, he had held that it was eminently a political war. And four days after the St. Louis speech, at Minneapolis, he again painted it as a political, as distinct from a commercial and industrial, war:

The object of the war was to destroy autocratic power; that is to say, to make it impossible that there should be anywhere, as there was in Wilhelmstrasse, in Berlin, a little group of military men who could brush aside the manufacturers, brush aside the Emperor himself, and say: "We have perfected a machine with which we can conquer the world; now stand out of the way, we are going to conquer the world."

In the same St. Louis speech, again, the President suggested that the German commercial classes wanted war for commercial reasons:

The real reason that the war we have just finished took place was that Germany was afraid her commercial rivals were going to get the better of her, and the reason why some nations went into the war against Germany was that they thought Germany would get the commercial advantage of them. The seed of the jealousy, the seed of the deep-seated hatred, was hot successful commercial and industrial rivalry.

But on subsequent days the President asserted that the German commercial classes wanted to avoid the war for commercial reasons. For example:

The German bankers and the German merchants and the German manufacturers did not want this war. They were making conquest of the world without it, and they knew it would spoil their plans. [St. Paul, Sept. 9.]

To the Senate Foreign Relations Committee the President asserted that he consented to participate upon the Reparations Commission only to assist our dear allies:

Why, we were disinclined to join in that [the Reparations Commission], but yielded to the urgent request of the other nations that we should, because they wanted our advice and counsel. [Aug. 19, 1919.]

Note, however, that his inconsistency is often consistent with the change in his audience. To the Chamber of Commerce at St. Louis, a fortnight later, he disclosed the fact that he was very much inclined to participate, and acknowledged a selfish commercial motive:

Some of you gentlemen know we used to have trade with Germany. All of that trade is going to be in the hands and under the control of the Reparations Commission. I humbly begged leave to appoint a member to look after our interests, and I was rebuked for it. I am looking after the industrial interests of the United States. I would like to see the other men who are. They are forgetting the industrial interests of the United States, and they are doing things that will cut us off, and our trade off, from the normal channels, because the Reparations Commission can determine where Germany buys, what Germany buys, how much Germany buys. . . . It is going to stand at the center of the financial operations of the world.

To the Senate Foreign Relations Committee, same conference, the President described our proposed after-war union with our allies as a moral union:

There is no way which we ought to be willing to adopt which separates us in dealing with Germany from those with whom we were associated during the war. . . . Because I think it is a moral union which we are not at liberty to break.

But in the Coliseum speech at St. Louis he described the proposed union as eminently a financial union:

Under the League plan the financial leadership will be ours, the industrial supremacy will be ours, the commercial advantage will be ours.

Although the President informed his audiences that "When the treaty is accepted men in khaki will not have to cross the seas again" [Columbus, September 4, 1919], in due course he asked Congress to approve an American mandatory in Turkey, which would require a new army to be sent immediately to Europe.

In explaining the settlement then being negotiated, the President assured us, at New York, March 4, 1919: "Nations promise not to have alliances." But this did not prevent him from agreeing to a special military alliance with France and [July 29, 1919] urging its ratification upon the Senate.

At the very time that he was assuring his audiences that his settlement provided for general disarmament and would end war, he was urging upon Congress a bill to create a standing army of 576,000 men—a standing army only 300,000 smaller than that of Germany at the beginning of the war.

The President held that the war was fought, in part, to abolish secret treaties. At the same time he held that it was fought to vindicate the sacredness of treaties, whether secret or not. Although he declared: "One of the things that this treaty incidentally does is to invalidate all secret treaties" [Tacoma, September 13], yet at other times he acknowledged and defended its validation of the Entente secret treaties, as has been seen.

Although, in his Memorial Day address at Paris [1919], the President asserted: "Private counsels of statesmen cannot now and cannot hereafter determine the destinies of

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nations," and although, at Oakland [September 18], he declared: "From this time forth all the world is going to know what all the agreements between nations are. *It is going to know, not their general character merely, but their exact language and contents,*" yet in the intervening period he refused the Senate information upon which his Paris decisions were based; mentioned the "intimacies" of the Peace Conference, and the "indiscretion" of talking about them, even to the treaty-ratifying body; declared it a mistake to "redebate here [with the Senate Foreign Relations Committee] the fundamental questions that we debated at Paris"; refused data on the ground that it was agreed at Paris that they should be "confidential"; acknowledged possession of "international secrets," which he declined to share even with the Senate; confessed to the view that his Paris secrets should never become public property [Conference with Senate Foreign Relations Committee at White House, August 19, 1919]; brought out more and more clearly the facts that the treaty itself was but a skeleton of secret understandings known only to five old men who whispered together at Paris; that he was attempting to bind America to courses of action which would be known to the country only after they had become accomplished facts; that his projected League of Nations was not intended to be under the control of peoples, or even of national legislatures, but was to be an instrument of executives, as secret, irresponsible, and autocratic as the Peace Conference itself.

Finally, upon the question as to whether he really ever expected to carry out his peace pledges, or to attempt to realize them, on Memorial Day, 1919, at Paris, he said:

> If I may speak a personal word, I beg you to realize the compulsion that I myself feel that I am under. By the Constitution of our great country I was Commander-in-Chief of these men. . . . Shall I—can I—ever speak a word of counsel which is inconsistent with the assurances I gave them when they came over? It is inconceivable.

But twelve days later he said:

> Mr. Walsh, do you think any considerable number of people, when they read my declarations, thought that these settlements were to be made at some particular place, automatically, immediately? [President Wilson to Frank P. Walsh, June 11, 1919, as reported to the Senate Foreign Relations Committee by Messrs. Walsh and Dunne.]

In these words we have the President's own admission that the promises upon which 75,000 American youths gave up their lives in Europe were never intended to be carried out.

The Presidential contradictions herein touch the most vital questions of peace. They completely discredit the President's own special pleadings in favor of his particular form of settlement; for, obviously, we cannot take the word of a statesman on any matter upon which he expresses opposing and irreconcilable views. They equally discredit the political party which has so fulsomely indorsed the man and his work. They raise the question of the sincerity of the Democratic candidate and of every Democratic leader; they stultify every voter who chooses to remain with the Democratic Party. They represent, however, only a very small fraction of the deadly parallels that can be registered against the President upon the public questions which have come before the country in the past eight years. For to "stand behind the President" always has been a physical impossibility and an intellectual absurdity. Yet that is the position of Mr. James M. Cox.

The Woman Voter Hits the Color Line

By WILLIAM PICKENS

THE Nineteenth Amendment has become the law of the land and it is constitutionally possible for twenty-five million women to vote. How many of these will actually vote? Three million are colored, and more than three-fourths of them live below Mason and Dixon's Line. There the colored man has been cheated out of nine-tenths of his votes, and only a small proportion of the white men vote because of the indirect reaction of this political dishonesty. Will the colored women of the South be similarly shut out?

The recent registration of voters in South Carolina may be taken as a fair example, as this State has been ever representative of the South. In common with other Southern States, it has, by administration and manipulation of suffrage laws, practically nullified the Fourteenth and Fifteenth amendments, which enfranchised colored men. The black race slightly outnumbers the white in South Carolina, and colored women outnumber colored men. The colored woman is accordingly the largest class in the State, and her right to vote gives a new concern to the maintainers of "white supremacy."

What of the colored women? They have shown themselves in every sense and in every emergency good citizens. In the war their auxiliaries were second to none in efficient service. As the State Federation of Colored Women's Clubs in Alabama founded a reform school for colored boys long before the State would adopt the work, so now the colored women of South Carolina are supporting an Industrial School for Wayward Colored Girls to which they gave $9,000 last year. A colored woman owns and operates the best hospital for her race anywhere in the State, and it is patronized by white physicians.

While colored people predominate in numbers in the whole State, in the city of Columbia, with 37,500 inhabitants, they number about one-third. Let us observe the attempt of colored women to register in this capital city. The registrars are white men, sometimes but half-educated. One can register either as tax-payer on a stated minimum value of taxable property or under the "educational qualification." On the first day of the registration in September the colored women who presented themselves evidently took the registrars by surprise, as the latter seemed to have no concerted plan for dealing with colored women except to register them like the white women; and this they were doing without any test or question whatsoever, save such necessary inquiries as to name, age and residence. The registrars had evidently believed that few colored women would have the nerve to attempt to register, and there was visible disappointment when many colored women, bright and intelligent, in some cases armed with the necessary tax receipt, appeared the first day. While there was apparently no preconcerted plan not to register them, one ready-made discrimination of the South was freely used, that of "white people first." The registrars would keep numbers of colored women standing for hours while they registered every white person in sight, man or woman, even the late-comers. A registrar was sometimes observed to break off right in the middle of registering a colored woman, and turn to some white new-comer. To the

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credit of the instinctive fairness of white women it should be said that they at first manifested a disposition merely to fall in line and await their turn until interfered with by the white officers who would call them arbitrarily from behind a group of colored applicants. Yet many of these colored women bravely stayed and patiently stood from 11:30 in the morning till 8:00 at night in order to register to vote! The attitude and the disappointed calculation of the white men can be best expressed by quoting one of them: "Who stirred up all these colored women to come up here and register?" Such persistent courage, however, was too ominous to the white registrars, the guardians of racial supremacy and party success; for although they seemed to have no plan of repulse for the first day, they evidently held a council of war at night—and things looked different on the morrow.

Consider how the law itself is made the vehicle of injustice and oppression in its administration. One can register if one pays taxes on at least three hundred dollars' worth of property, or can read from the State or the Federal Constitution some passage selected by the registrar. It would seem the purpose of such a law merely to determine the general fitness and intelligence of the candidate, or to make a bona fide test of his literacy. But although all women were registered without tests the first day, and white women without test or question throughout the registration, colored women after the first day, in addition to being tortured by long standing, were greeted with scowls, rough voices and insulting demeanor. They were made to read and even to explain long passages from the constitutions and from various civil and criminal codes, although there is no law requiring such an inquisition. On the second day the registrars were assisted by a lawyer, apparently for the special business of quizzing, cross-questioning and harassing the colored women, in the manner of opposing counsel in court. He asked questions about all sorts of things from all sorts of documents—questions which he could not himself answer and about which lawyers wrangle every day in court. It was the evident purpose to send back to the colored population so discouraging a report that others would not even try to register. Indeed the Columbia *State*, the morning paper, had suggested that the colored women were manifesting "very little interest," and that "very few" were expected to register.

Well educated colored women were denied the right to register. Some of the questions actually put to the inexperienced colored applicant were: "Explain a *mandamus*." "Define civil code." "How would you appeal a case?" "If presidential votes are tied, how would you break the tie?" "How much revenue did the State hospital pay the State last year?" "How much revenue does the Baptist Church pay the State?"

South Carolina law requires only that one shall *read*, and not the passing of any examination in law or civil government. If a colored woman mispronounced a word in the *opinion* of the half-educated registrar, she was disqualified. In one of the county registration places a colored man was threatened with disfranchisement because he accented the word "municipal" on the antepenult, where the accent belongs, and not "muni*ci*pal" as the registrar insisted it should be.

There was not only injustice but rank insult. A colored man was thrown out of the room for speaking with one of the waiting colored women, for fear that he was coaching or prompting her in the manner of primary school discipline. As one colored woman was reading with ease the passage set before her, the registrar blurted out: "Heah, girl, yo' misponounced two words. Yo' git out o' here! Yo' cain't vote— yo' ain't got sense enough to vote!" A graduate of the State College for Negroes was rejected because she "mispronounced a word"—always in the mere opinion of the registrar, with never an appeal to Webster. Some of the colored teachers of Columbia, licensed by the State to teach colored children, were denied the right to register, as being insufficiently educated to read a ballot!

There was not only insult but threatened and actual violence. On the second day when the number of colored people in the room had grown large because the registrars had compelled them to wait while they registered white people out of turn, the "high sheriff" came in and shouted: "Yo' niggahs git out o' de way, git out an' let de whahte people register—an' stay out! An' if yo' don' stay out, dey'll be some buckshot to keep yo' out."—And still the colored people came. The women especially defied all opposition.

By Friday of the registration week more than twenty of the better educated colored women who had been rejected, had signed an affidavit against the registrars. Contrary to calculations, some colored women were even stimulated to go and assert their right to register because they heard that others of their race had been unjustly turned away. They decided either to register or to put the responsibility on the officers of the law. No discouragement, no "test," no petty insult stopped them. Nothing availed against them save the arbitrary will of the tyrants who sat as registrars. The women's suit will be based on the Nineteenth Amendment, to open the way for appeal to federal courts. The colored women of South Carolina may thus play a leading role in the judicial establishment of the enfranchisement of her race and her sex.

According to the press many colored women in Richmond have been denied the right of registration in the same manner and there are similar reports from other localities. Does this mean that the South will resort to the methods to keep Negro women from voting that have been employed to keep the men from the polls? These methods have included every means of trickery and brutality from vague statutes to shot guns. The "white primary" of the dominant and majority party of the South practically ousts the whole colored race from any share in government. There is no trouble in keeping ignorant and shiftless black men from voting—most of them do not want to vote. But the "educational qualification" clauses are chiefly employed to keep industrious and intelligent colored men from the polls, and some have been disfranchised who were graduates of European universities, in addition to Yale or Harvard. A Norfolk daily paper recently said in an editorial that a law should be enacted by the legislature of Virginia against the passage of the woman suffrage amendment which could be so manipulated as to allow any white man to vote "unless he were an idiot" and to prevent any Negro from voting even if he were "a graduate of Harvard." Every method has been employed against the colored man, up to "red shirt," "Ku Klux" campaigns and less picturesque but equally forceful terrorism. In some districts a colored man seals his death warrant by even attempting to register. Nothing in the code of "Southern chivalry" will prevent similar treatment of colored women. Will the women of the United States who know something at least of disfranchisement tolerate such methods to prevent intelligent colored women from voting?

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The Return of the Hapsburgs?

By EUGENE S. BAGGER

Hungary cannot be satisfied with assisting Poland against Soviet Russia, but she must finish Western Communism as well. . . . It would be child's play for a good Magyar division to rid Vienna of the Red Terror, and when that's done the collapse of Czecho-Slovakia will become inevitable. . . . Once we are allied to an Austria where nationalism is restored we shall become a powerful factor in the situation with which everybody, even Russia, will have to reckon.

THE day this statement appeared in the Budapest review *Magyar Külpolitika* ("Hungarian Foreign Policy"), semi-official mouthpiece of Premier Count Teleki, the rest of the Government's official and semi-official apparatus was working overtime disclaiming responsibility for the raid on the Austrian village Fürstenfeld. On July 28, eight hundred Magyar soldiers, disguised as peasants but operating in military formation, crossed the Austrian frontier, raided the Fürstenfeld arsenal and carried off 21 machine guns, 1,938 rifles, several thousand rounds of ammunition and large quantities of other military equipment. The supplies seized amount to one-fifteenth of the armament authorized for Austria by the Treaty of St. Germain. The Hungarian Government, using its old formula employed during the White Terror, officially denied that the National Army had anything to do with the outrage, and declared the raid conducted by Austrian smugglers "masquerading" as Magyar soldiers, partly in order to compromise the Horthy regime. Nevertheless, the inquiry conducted by Colonel Körner of the Austrian War Office proved the attack the work of regular Magyar soldiery.

But the Fürstenfeld outrage is not an isolated instance of Magyar aggression, and the passage quoted from the *Külpolitika* is typical of the extensive campaign carried on by the Budapest press against the republic of Austria. And this press campaign is only the advance publicity of a new crime planned by Horthy's henchmen. Having transformed Hungary into a lake of blood, they seek to extend their activities. They are preparing to invade Austria, to set up a White Terror at Vienna, to restore the monarchy and then to turn against the democratic republic of Czecho-Slovakia. These designs are openly boasted of by the Magyar militarists. The reactionary press of Budapest—and there is none other today—frankly discusses the necessity and the advantages of the conquest of Austria, and military preparations are in full swing on the border.

All this is not unknown to the Allied powers. The Austrian Government has repeatedly protested against the Hungarian raids and the maintenance of armed camps of Austrian monarchists on the Hungarian side of the frontier. On August 3 Foreign Secretary Renner, after submitting evidence on the Fürstenfeld raid, pointed out to the Entente representatives that as the peace treaty renders Austria defenseless the republic expects protection from the Entente. Austria has lived up honestly to the disarmament clause of St. Germain; Hungary has not yet ratified the Treaty of Trianon, and not only has she not reduced her armed strength, but is conducting general mobilization. The preparations of Hungary to attack the Austrian republic are described in three official declarations of the Austrian War Office based on affidavits of eye-witnesses. (The Zalaegerszeg encampment had been the subject of an Austrian protest to the Council of Ambassadors in June.) Here is a summary of the three statements:

A monarchist legion, recruited from Austrian citizens on Austrian territory, is maintained at Zalaegerszeg, a few miles from the frontier on the Hungarian side. The purpose of this legion is to overthrow the present Austrian Government and to restore monarchy. Every member of the legion is pledged by solemn oath to that end. The roster of the Terror Detachment which is to take charge of Vienna after the occupation is already drawn up. The terrorists are to be rewarded by free loot. The legionaries are well paid and fed. They wear the uniform of the old Austro-Hungarian army, with the Imperial crown and a white ribbon on their caps. Regulations are as in the old army. The units are equipped with machine guns and receive special training in barricade fighting and bombing. Apart from this Austrian legion an army of 30,000 Magyar soldiers (regiments are named) are stationed near Szombathely, another frontier town, ready for orders to march on Vienna. This army consists of picked men, its recruits coming up under general mobilization orders after being carefully sifted; and Jews, trade unionists and intellectuals, instead of being armed, are enrolled in battalions of forced labor. Besides the Austrian legion at Zalaegerszeg there is a Croat legion in the neighborhood and a Slovak legion at Raab. A Transylvanian legion, to be used against Rumania, is also being formed.

The foregoing the Austrian war office declares officially. But the Magyar intrigue is continuing on the other side of the frontier as well. Foreign Secretary Renner rather understated his case by saying to the Entente diplomats that the Magyar activities rendered the internal consolidation of Austria impossible. In fact, the Magyar influence permeates every phase of Austrian life. It dominates the Christian Socialist press of Vienna; it is behind the anti-Semitic and monarchist organizations and secret fraternities, it has undermined the bureaucracy and, of course, furnishes the rallying center for officers of the old army and the aristocracy. The June anti-semitic outbreaks at Vienna and Graz, instigated by Magyar officers and secret agents; the mob that beat up Jews on the streets and demolished Jewish stores cheered Horthy. The Christian Socialists and German Nationals cordially detest one another, but they agree in their hatred of the Socialists and their love for Horthy.

But the attentions of the Magyar Government and its terrorist retinue are not limited to German-Austria. A systematic campaign of calumny is conducted in the Budapest press against what it calls the "bolshevik outpost in the West"—the Czecho-Slovak republic. Not content with calling its opponent names, the Magyar Government seems bent on stirring up a bolshevist revolt in Slovakia, which would then be used as a pretext for an invasion. On August 5 the Czecho-Slovak official press bureau announced that one Jan Vavrica, member of the Slovak Committee at Vienna, was arrested at Bratislava (Pressburg) for Communist activities. Evidence showed that Vavrica was financed by the Budapest Government! He is also charged with negotiating, in behalf of the Magyar Government, a military agreement with Poland, according to which Slovakia would be invaded from the North by the Poles, from the South by the Magyars, and a provisional government set up. The Czecho-

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Slovak statement adds, rather ambiguously, that this scheme was submitted and approved at Paris. Irredentist plots and hoards of arms and ammunition were discovered last spring by the Rumanian authorities in Transylvania, and several Magyar officers were convicted.

The mad imperialism of Horthy's Hungary is a menace to all her neighbors, but the most immediate danger is to Austria, and this not only because she is the weakest of all. The fact is that the anti-Austrian campaign of the Magyar press and the anti-Austrian measures of the Magyar Government are, in a sense, the answer of French diplomacy to the declaration of neutrality by the republics of Austria and Czecho-Slovakia in the Russo-Polish war. Whether or not the secret military alliance between France and Horthy has actually been concluded or not is doubtful. The Vienna and Berlin press published reports that an agreement was signed at Gödöllö, near Budapest, on July 27 or 28 (on the eve of the Fürstenfeld raid). The *Berliner Tageblatt* even printed a summary of the terms by which France insures "rectification" of the Hungarian frontiers, at the expense of Czecho-Slovakia and Rumania, in exchange for Hungarian military aid against Soviet Russia. The French Foreign Office subsequently denied the existence of a military agreement, and stated that no frontier changes were contemplated. On the other hand, the Budapest press persists in talking of the "new French orientation." In the Hungarian Assembly Premier Teleki declared that the Government did not intend to send an expeditionary force to aid Poland, and the mobilization was ordered merely as a "defensive measure." But it should be remembered that the pivotal fear of France, the obsession around which French diplomacy crystallizes, is not Russia but Germany. Horthy may be a completely useless ally against Soviet Russia, and yet he may be extremely useful against German-Austria. A Magyar occupation of Vienna would put an end to the dream of uniting Austria with Germany—indeed, it might be the starting-point of the dismemberment of Germany itself, as it might usher in a Bavaro-Austro-Hungarian monarchy under a Hapsburg or Wittelsbach—a scheme by no means frowned upon by the Quai d'Orsay.

Still, there is a consoling element in the wretched situation on the Danube. The flirtation of the Paris statesmen with the murderers at Budapest had the beneficent result of opening the eyes of the succession states to the real bearing of French policy. The conclusion of the "Little Entente" whereby Czecho-Slovakia, Jugoslavia, and Rumania serve notice that they are determined to run their own destinies is in effect a refusal by these three countries to be the tools and dupes of France. Yet the history of the past two years has demonstrated the complete inability of French diplomacy to learn a lesson and its unerring genius for choosing the worst possible course. As likely as not Paris will seek compensation for the abatement of its influence at Prague, Belgrade, and Bucharest by further fostering good relations with Budapest. Such a course would be consistent with the French advocacy of a "Danubian federation"—a conception aptly described by Mr. Benes, the Czecho-Slovak foreign minister, as a second edition of the Hapsburg empire. Continuation of the Magyar military preparations and press campaign against Austria would indicate that the Magyars feel sure of the good will of France. Turning Vienna over to the White Terror of Messrs. Horthy, Pronay, Hejjas, and Hapsburg would be an ironic aftermath of the great war. Yet the reestablishment of royalty in Central Europe with the official sanction of "democratic" nations is not in the least an unthinkable eventuality. Horthy is the most likely candidate for divine rights. But a Hapsburg is by no means impossible.

Superfine Frenzy

Broken Images. By Azalea Heppelthwaite Rosenberg. Little Brown Jug and Company.

THIS volume, by the distinguished lyricist whose "The Jaded Lute" and "Whiffs of Yesterday" are liberally represented in all conservative anthologies, marks a distinct divagation in Miss Rosenberg's manner. She has heeded the adjuration of the modernists to grow young along with them; the result is a collection which will be called typical of all that is best, because newest and noisiest, in our poetry. It will be—it has been already—hailed as the zenith of the year's lyric achievement.

As is the fashion, the book is introduced by two poets of admitted standing—the very introductions admit it—and by three college professors with a penchant for reading verse later than Chaucer. Miss Rosenberg is hailed, by them, as a super-Sappho, an over-Ovid, a 17-ounce Pound, a stonier Sandburg. Her lines that follow are no anti-climax. Consider the opening tenderness of the Imagist Portraits, from which we cull three miniatures:

Her

Your eyes
Are amorous coal-scuttles
Filled with a jonquil passion
To tease the hurrying clocks
Of time-spirited candle-sticks.
Faugh! I would empty you,
But the butcher's bill is unpaid.

The reference to daylight saving, in the fourth line, is a fine example of the opening vistas of subject-matter claimed by many minnesingers of today; only the concluding reference to an unpaid bill is reminiscent of an earlier hour in Miss Rosenberg's singing.

A Poet

Benign St. Vitus
Permeates your thinks,
O prophet of an alkaline future,
Heroic and punctual
Last roe of salmon.

Myself

The universe
Minus a dust-grain,
I.

The unique modesty of this is astonishing. We call to mind no other present-day singer who doubts that the complete universe, including the Scandinavian, is in himself.

A more incandescent note is sounded in the section entitled Images of Fire. Mark the thermic overtones of these four unnamed sparks:

I.

A tired shoe-maker
Bats the tennis-ball of his enthusiasm
Into two faded violets
And a cigarette stub.
Eheu, where art thou,
Dionysos!

IV.

Three jade-white eyes

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White with the moon-lust.
There is another argument,
But I have forgotten it.

XIX.

An unlighted candle
Turns off the buoyant faucet
Of six suns,
As for the seventh,
Mexico is not north of us.

XL.

After fire,
Embers,
Cinders,
Ashes . . .
And more
Ashes.

The caustic preciosity of Robinson, the sounding line of Marlowe and Milton, the surge and thunder of the Jugo-slavian epic singers, speak in certain of these numbers. Yet the truer triumph of Miss Rosenberg, realism punctuated with a gasp, may best be found in a poem which was listened to last spring by the Poetry Society of America and called forth a salvo of applause.

May in the Ghetto

Dawn upon Suffolk Street.
Gaunt cops owl by,
Tenement litter yawp the Forwards,
Push carts totter past,
Faceless droves of garment-workers
Din on the dirty pavements.

A sparrow teeters on a sagging wire,
Trilling dusty arias
To the scraggly geranium slip
Blooming in blood
Squeezed from these Ghetto faces.
May—discovered!

Who was that guinea
That stumbled across America?

Space forbids quotation from the first movement of Mestus, the astringent acidity of Four Adaptations from M'ai Ti Po, and the bewildering beauty of the lyric sequence, Flies from Many Ointments. Suffice it to say that here and elsewhere in the volume are fulfilment, promise, and more fulfilment. It is caviare to the private, and sauerkraut to the general. Homer knew only Homer; but Shakespeare knew Homer and Shakespeare. Posterity will know both of these, and Azalea Heppelthwaite Rosenberg.

CLEMENT WOOD

In the Driftway

NOT by any means the least fascinating highway in New York is Varick Street. All day long its pavements thunder beneath the wheels of wagons and trucks, at least half of them drawn by honest, fat, and sprightly horses, instead of being propelled by motors. Its sidewalks are lined with two-story-and-basement red brick houses, fast vanishing relics of a departed day. The window sills and roof line of at least one of them have a rakish list to starboard which is vastly preferable to the rigidly vertical dignity of the pretentious houses further uptown. There are columned doorways to admire and small round windows cut next to them; there is the old red-stone Hudson River Railroad terminal, somehow a welcome relief after the glaring white marble of the Grand Central Station. The side streets are almost irresistible, part of their attraction being due to the fact that they have names instead of numbers. There is history in Varick Street, and variety, and numerous ancient associations that cling tenaciously to its cobbles, and there is beauty; for at the end of it on a hazy morning the spire of the Woolworth Building rises strange, mysterious, unreal, the highest tower of a dream city far beyond New York, so high and so far that the white smoke that drifts across it looks like a cloud, and the very top is frequently completely hidden in the mist. "God's House" the little children of the East Side call it—for does it not reach right up to Heaven?

* * * * *

THE peerless apostle of normalcy should study the cheerful columns of the *Sun* of New York. There he might recently have read: "The situation in Trieste was normal this morning. Martial law continues in force. . . . Seven persons have been killed and fifty injured in the last three days."

* * * * *

THE Drifter, being weary of the company of his fellow human animals, ate alone, and mounted the bus. Down crowded Fifth Avenue it took him, where double lines of shiny-topped limousines glided smoothly beneath the necklaces of brilliant street-lamps. The Drifter dismounted at Washington Square and wandered eastward—past the old Marble Cemetery where James Monroe lies buried, into the teeming, steaming East Side where baby-carriages are parked along the curbs thicker than the limousines on Fifth Avenue, where the tenements spill over into the streets and bescarfed grandmothers carry their chairs to the gutters and croon old-world lullabies to oblivious babies asleep through all the winking of the dim lights, the screeching of itinerant street gangs, and the steady hum of the street. On he wandered, past pitiful little Stuyvesant Fish Park, and southward toward Seward Park, through better-lit streets where push-carts contest the baby-carriage's monopoly of the curb; through Canal Street, that Little White Way of the East Side, and out on the Manhattan Bridge. The Bridge lifted him gradually to the level of tenement windows, where his eye intruded upon little girls precariously lifting cut-glass bowls to the topmost kitchen shelves, upon weary gatherings of all the boarders about inadequate tables, upon preparations for a night on the fire escape. Then, as the bridge arched higher and higher, he looked down on the roofs, to the gay lights of a Cherry Street block party deep below, until finally he came out above the water. He stopped and drank deep of the sea air blowing fresh from the harbor. Before him the great sweep of Brooklyn Bridge loomed dim and black; below, the shifting, lucent water, catching and losing the echoes of every light. On lower Manhattan a few late-lit offices rose like hanging gardens into the night, or like some fairy mountainside of Japan, lantern-starred. The Grand Canal of Venice has nothing to compare in romance and mystery with that picture; the Seine and the Thames and the Tiber are mere creeks beside that mighty river, and their arching bridges shriveled in the Drifter's memory to toy building-blocks. He swore a mighty oath to recall and revisit the splendid vistas of the city—then remembered vaguely that he had sworn just such a mighty oath long before.

THE DRIFTER

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Correspondence

A Perplexed Voter

To the Editor of The Nation:

Sir: How shall one make the best use of his vote in the coming presidential election?

From the speeches of the Republican and Democratic candidates it is evident that no stretch of the imagination can place either of them upon a par with the distinguished men of even the smaller nations of Europe. Harding seems incapable of formulating any statesmanlike policy, and Cox seems to have no higher ideal than that of "calling the kettle black." It is to this humiliating choice that we come because of our rotten political system.

What can we do about it? We must smash the machines; must make radical changes in our electoral system; must make it possible to gauge accurately the prevailing opinion of the electorate as Adams testifies that he could do in the time prior to 1776. All these things may be done by a few and easily effected changes in the election laws, but that is a matter for the future and the question remains as to what a lover of liberty is to do in the present emergency.

There are the alternatives of voting for the candidates of either the (1) Farmer-Labor, the (2) Single Tax, the (3) Prohibition, or the (4) Socialist party. The first is but a replica of the two main parties, a vote for which would carry no effective protest; the second is too restricted in its scope to satisfy the demands of one who has wider views than the Single Tax; the third has passed its usefulness; and the fourth is obnoxious to the great majority of voting citizens.

Truly the conscientious voter is between the devil and the deep sea, and the temptation is to say, a plague upon all your houses, I will not vote. But this is to subvert our liberties, to ignobly wash your hands of the country's welfare as Pilate washed his hands of the life of Christ. To me it seems that the least any forward-looking man or woman can do is to use the ballot in November to register the loudest protest against present political conditions, and I seek a way to make my protest most effective.

I condemn the actions of the radical Americans—from the Department of Justice down—who have harried out of the country, or imprisoned for long terms, those whose only offense is that they have voiced unpopular opinions, those who have had the courage of their convictions sufficient to raise their voices in opposition to prevailing opinion or hysteria. I decry the abortive attempts to protect the people from the greedy profiteers. I am ashamed for my country that it should continue penalizing political prisoners long after all other countries have proclaimed amnesty to all such.

The most emphatic protest of which I can conceive to all these undemocratic actions would be a smashing big vote for Eugene V. Debs, not as a socialistic vote, but as a vote for a sincere man who, however mistaken, has had the courage to follow his lights, and to endure punishment with a Christ-like spirit. I abhor the doctrine of the Socialists that calls for governmental regulation of our lives, and that would put all the industries of the country under the control of government agents, but as there is no immediate danger of the American public adopting such an experiment I feel safe in voting for the *man* Debs.

No other action will carry effective rebuke to the present administration, to the hysteria that has prevailed, to the intolerance that has been manifested, and, more than all, it will notify the political manipulators that there is a God in Israel.

Baltimore, September 8 F. Lincoln Hutchins

Contributors to This Issue

John Kenneth Turner is an author of note.

William Pickens has been instructor in classics at Talladega College and dean of Morgan College.

Eugene S. Bagger is a New York journalist who has made a special study of central European affairs.

Clement Wood is an American poet and writer.

Paul D. Cravath, a well-known lawyer, was advisory counsel of the American Mission to the Inter-Allied Council on War Purchases and Finance.

Maxim Gorki to H. G. Wells

To the Editor of The Nation:

Sir: It happens to have been the London *Times* in which "the ghastly absurdity" appears, but it might so well have been the New York *Times* that I hope you will give the inclosed open letter from Maxim Gorki to H. G. Wells space in your correspondence column:

"On April 2 the *Times* published the experiences of an Englishman recently returned from Russia. Among other things he relates that human fingers were swimming in the broth served in one of the communal kitchens of Petrograd. If this ghastly absurdity had been published in some obscure rag whose object is to appeal to all the worst instincts of the masses, I should not have paid any attention to the ravings of an embittered and certainly far from clever person, but as the *Times* saw fit to publish the story, I wish to tell you that it is false.

"Believe me, dear Wells, we Russians have not yet reached the stage of cannibalism, and it is my belief that we shall not reach it, despite the endeavors of the highly civilized Western Powers to bring about conditions which would force the Russians to savagery and degeneration.

"We are living in times when even the most perverted and wicked imagination could not manufacture a lie or a calumny which could be more awful and more degrading than the actual truth. One of these revolting truths is the hunting down of Russia—a country which is putting the whole of its creative power into a social experiment of the greatest significance and importance to humanity at large.

"We Russians should have been left either to our own wisdom or to our own folly. In either case we would have provided the rest of Europe with an instructive spectacle. However, Europe, as represented by Great Britain and France, is endeavoring to strangle us. I do not think that Europe will succeed in this, but it is just possible her policy toward Russia will drive the Russians in the direction of Asia. Do you not foresee in this possible union with the Asiatic nationalities a terrible threat to the culture of Europe? As far as I am concerned this question obsesses me like a nightmare.

"Allow me, in conclusion, to say a few words about Lenin. It has been asserted in the *Times* that this man surrounds himself with Asiatic, semi-barbaric splendor. This is a shameful fabrication. Lenin is devoid of any love of power. He is a puritan by nature, and lives as simply and unpretentiously in the Kremlin as he did while an émigré in Paris. He is a big man, and an honest man. His role in Russia is that of a colossal plow which is indefatigably turning up a clogged, barren soil.

"Believe me, I do not shut my eyes to the negative manifestations produced by the war and the revolution, but at the same time I cannot help seeing within the Russian nation the birth of creative will power which, step by step, transforms our people into an actual civilizing power. And to me the actual is the beginning of all beginnings, as at the beginning there was action.

"With best wishes, dear Wells,

"I remain, yours,
"M. Gorki"

Baltimore, September 20 E. Buckner Kirk

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Books

Economic Studies of the War

Publications of the Carnegie Endowment for International Peace. Oxford University Press:

Early Economic Effects of the European War Upon Canada. By Adam Shortt.

Early Effects of the European War upon the Finance, Commerce and Industry of Chile. By L. S. Rowe.

Economic Effects of the War upon Women and Children in Great Britain. By Irene Osgood Andrews assisted by Margaret A. Hobbes.

Federal Military Pensions in the United States. By Wm. H. Glasson.

Effects of the War upon Insurance with Special Reference to the Substitution of Insurance for Pensions. By Wm. F. Gephart.

The Financial History of Great Britain (1914-1918). By Frank L. McVey.

British War Administration. By John A. Fairlie.

War Thrift and *Government Control of the Liquor Business in Great Britain and the United States.* By Thomas N. Carver.

The Effect of the Great War upon Agriculture in the United States and Great Britain. By Benjamin H. Hibbard.

Disabled Soldiers and Sailors: Pensions and Training. By Edward T. Devine assisted by Lilian Brandt.

British Labor Conditions and Legislation During the War. By M. B. Hammond.

Effects of the War on Money, Credit and Banking in France and the United States. By B. M. Anderson, Jr.

Direct and Indirect Costs of the Great World War. By Ernest L. Bogart.

ALL of these works are under the Division of Economics and History of the Carnegie Endowment for International Peace. In August, 1911, a conference of statesmen, publicists, and economists was held in Berne, and plans for an elaborate series of investigations and reports were made. The war interrupted and to a considerable extent changed the original plans, which naturally did not include studies of war in the doing. The result of the outbreak of war on the plans is that some of the reports or studies deal with prewar conditions, some strictly with war conditions, and some with both at once. Many of the published studies are partial only, and the intention is expressed of continuing and completing them.

Adam Shortt's study is practically a single chapter published in advance of the entire work. It traces the financial and economic history of Canada from the break, in 1912, of the expansion boom to and through the early days of the war. The immediate effect of the war was to intensify the paralysis of trade and industry in which the collapse of the boom had left Canada. The article then traces the effects of war's "unlimited demand for men, materials, and supplies at ever-increasing prices and rates of remuneration." The facts and figures show vividly the effect of war spending on the life and industry of a small country.

L. S. Rowe's study of Chile seems at first approach to deal with matters remote from the seat of war. But Chile has one great export which ties her economic life to that of the great world outside and upon which the great world has come to lean heavily—nitrate. The sudden interruption of the world's trade and the break-up of trade routes brought great disturbance in Chile. Then the world demand for nitrate and copper rose, the price of these commodities rose, and ultimately there came a period of great prosperity. The report was prepared in 1915 and shows only the early effects. It abounds with facts and figures tracing vividly the course of trade and that the more clearly since it deals with abnormal conditions.

"Without the work of the women the war could not have gone on," said a representative of the British Ministry in New York in 1917. Irene Osgood Andrews, assisted by Margaret A. Hobbes, presents a study of how women helped. Since much of woman's war work was done by women who shifted from non-essential to essential war industries, a bare statement that over a million more women were employed in gainful occupations during the war than before is not instructive. Nor do we gain full light when we know that 1,392,000 females were taking the place of men. The mass of details presented in this small volume makes a summary difficult. Perhaps the most striking chapter is the one describing the strict control of women workers under the munitions act. Among the measures enforced were prohibition of strikes and lockouts, no leave without certificates and these but sparingly issued, and special tribunals to deal with discipline. The regulation of wages was likewise severe and the wage rates seem phenomenally low especially for war times. It is stated that they reached only 25 shillings in 1917. But full data in earnings are missing.

Wm. H. Glasson's monograph on military pensions is a history of such pensions from their beginnings in the United States. It contains but a very scanty account of the pension and insurance legislation of the World War. But in view of the coming additional burdens upon the country, such a history, chronological and analytical, is extremely useful. It is a volume of over 300 pages, well indexed, and complete and full in its analysis of legislation and expenditures for pensions from colonial times to the present. Naturally the pensions granted to Civil War veterans and their dependants are given the greater space. It will prove a valuable work of reference.

The title of Wm. F. Gephart's study promises more than is delivered. Instead of being a study of insurance with special reference to "insurance for pensions" it is better described as a study of insurance with incidental references to insurance for pensions. But perhaps that is the meaning of special. It is a comprehensive study of commercial or private insurance with reference to the effect thereon of war, as affecting risks, and as resulting in government action which affected the premiums. The appendixes contain a brief outline of Federal legislation on insurance during the war. But the 250 pages of text deal with insurance, life, social, marine, and fire, much more from the point of view of the company than from that of the government. Perhaps there was an effort made to keep out of the field covered by Glasson in the study just mentioned above.

The budget speeches of the British statesmen when assembled constitute a remarkable body of oratorical and historical literature—those of Lloyd George and of McKenna on war finance being among the most remarkable. Hartley Withers's "The War and Lombard Street," is a description of the early days of the war well entitled to use as part of its title the title of Bagehot's famous work. It was with such material that Frank L. McVey might have dealt. It seems that he fell short of his opportunity. But the subject-matter is difficult. He is rash, indeed, who tries to explain in brief compass the tax system of Great Britain. The property and income tax is the greatest "engine of finance" the world has ever seen. But like a Liberty motor it has a multitude of parts, and McVey has not been able to see the driving power because confused by the parts.

One of the dramatic episodes of the war was when Lloyd George became Minister of Munitions and opened a brand new portfolio. This act drove home the thought that the war had to be won behind as well as on the lines. It was therefore a peculiarly interesting duty which John A. Fairlie undertook when he was assigned to describe the way in which the Government of Great Britain was militarized in every branch, every "form and agency of action." Particularly interesting are the twenty-two pages on munitions and aircraft. But the interest is also great in the navy, the army, defense of the realm, war relief, trade and transportation, food control, and finance. The way in which Parliament made the Government practically dictator is possibly the most significant feature of the story as told.

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Thomas N. Carver's two essays are bound up together, as both deal with the proper conduct of common folks at home during war. In both of these essays there is much preaching, though the homilies are less conspicuous in the second than they are in the first. Thrift is a difficult theme, and the balance between thrift and penuriousness difficult to strike. When Mr. Carver says that "for every woman who is physically and mentally sound even one servant is a luxury unless she is actually engaged in other productive work which would prevent her from doing her own housework," he opens an endless debate. It was the question of drunkenness rather than the question of drink per se which first aroused public interest in drink control as a war measure—or so runs Mr. Carver's explanation of war control. Probably most of those who feel that prohibition as a permanent policy was unfairly foisted on this nation will agree with him.

The prominence of the food question in war gives special interest to Benjamin H. Hibbard's discussion of the effect of war on agriculture. There is never any great supply of food beyond the needs of a single season. When transportation facilities are working smoothly we can take a chance that next year's crops will be adequate somewhere. Seven lean years are not in our calculations. But war not only cuts off farm labor; it cuts off, or congests with men and munitions, the great channels of trade, and the shortage of food then becomes dangerous. Mr. Hibbard's study covers production and prices very thoroughly, but transportation is not within his field of inquiry. Price control and other measures are fully recorded. It is a vitally important record and full of suggestions as to future policies.

The volume on disabled soldiers and sailors by Edward T. Devine and Lilian Brandt is the largest of the series. About ninety pages are devoted to the historical part, and then the current developments in Great Britain, Canada, France, Germany and Austria, and the United States are presented, followed by four chapters in the new program. The latter covers physical restoration, financial indemnities, and economic reestablishment. While the United States has not so many disabled to care for as some of the other countries yet there are enough and to spare. Unfortunately the problem of this restoration has not been well handled save on the medical and surgical side. Mr. Devine's book is therefore all the more timely. He draws his information from wide experience, especially from his long stay in France in Red Cross duties. His long service in the field of social ameliorization and peculiar power of clear and forceful presentation make the book of great value.

Wide public interest centers in M. B. Hammond's study of labor conditions during the war. One of the first things that the British economists did when Great Britain entered the war was to make a special study of labor conditions. The contributions of the different members of the investigating committee were assembled and edited by Kirkaldy in a volume which made a distinctly valuable contribution to war research. Since then the English economists and statisticians have continued their studies, and the results have been put to most excellent use by Mr. Hammond. There is a good account of the relations of the Government with the trades unions during the war, and a good study of industrial unrest. But probably of more immediate and direct interest is the chapter on industrial reconstruction. This chapter covers among other matters of first importance the Whitley committee and its recommendations, the discussions of these recommendations and their adoption, together with the first steps toward putting them into operation. Those many persons who speak so fluently about the Whitley councils will find here a means of giving real content to their words.

It is not casting any aspersions on the other authors to say that Mr. Anderson's book is the most learned of all in this series, nor is that statement meant as other than a compliment to Mr. Anderson. In these days when the foreign exchanges are playing hide-and-seek and racing hither and yon without visible purpose, it is good to be shown once again that there is a science of banking that has a sound foundation and firm principles. The chief trouble with the study is that it stops too soon, mostly with 1917 and early 1918, and it is to be hoped it may be continued. We are forced by lack of space to select matters on which to comment. Possibly the most important feature of French finance was the strength of the Banque de France. This institution bore the larger part of the burden of war finance. The legal limit of its issues before the war was 6.8 billions of francs, the limit was ultimately placed at 30 billions, and the maximum advances to the state (June, 1918) were 21 billions. Yet it stood the strain. On the American side the analysis of the workings of the Federal Reserve system is the most interesting part of the study.

Two things impress one immediately about E. L. Bogart's study of the costs of the war. First is its completeness, and second is the early date of its publication. It covers not only England but the five main parts of the British Empire as well; also France, Russia, Italy, the United States, Belgium, Japan, Rumania, Germany, Austria-Hungary, Turkey, Bulgaria, and to a lesser extent other Entente Allies. The story in each case is fairly complete as to the direct money costs, and it is rather amazing that so much could be assembled so soon after the war. Mr. Bogart reaches a grand total net (that is, excluding advances by one country to another) of $186,000,000,000 for money costs. This is somewhat lower than the figure most commonly used of $200,000,000,000. The details of the differences would carry us too far. The study covers not only expenditures but taxation, borrowing, and banking and currency so far as banknotes and other advances and paper money contributed to the meeting of the costs of the war. Of course all estimates are made on the basis of par of exchange before the war. A correction of this error, which is in all the other estimates, cannot be made until we know on what basis the war debts will eventually be settled. While it is a rather pitiful business adding up in money values the loss of human life, yet the human mind seems to require some such estimate. Known dead 10,000,000, 6,300,000 seriously wounded, 14,000,000 otherwise wounded, 6,000,000 prisoners or missing: this is the total of the casualty lists. To the 10,000,000 known dead he adds 3,000,000 presumably dead and values the lives lost at $33,500,000,000. Then there is $30,000,000,000 more for property loss, $45,000,000,000 for production loss, and, adding in war relief, losses to neutrals, and some other items we get $151,600,000,000 indirect losses, or an aggregate of $338,000,000,000.

The Division of Economics and History of the Carnegie Endowment is organized to "promote a thorough and scientific investigation of the causes and results of war." The foregoing studies give the economic settings and results of war in many fields, but of the economic causes nothing beyond suggestions. Still it is scientific to study effects first in search for causes.

CARL C. PLEHN

Progress

Recent Developments in European Thought. Essays Arranged and Edited by F. S. Marvin. Oxford University Press.

WHILE Professor Bury and Dean Inge are assuring us that the idea of progress is an illusion, and that we are, to all intents and purposes, on a level with the men of the Stone Age —and, by the same reasoning, on a level with the apes, and reptiles, and amoebas—Mr. Marvin is busily editing lectures on the advance of the human race. This volume, the third in The Unity Series, covers the period from 1870 to the present. In a general survey the editor points out the extreme brilliance of the contributions to knowledge, especially in the domains of biology, physics, and history, of this era, and the rise of Marxian socialism, which he thinks defeated in Western Europe but militant in Russia. He rather apologizes for having no chapter on the League of Nations; but it is perhaps wise not to write a biography on the day of an infant's birth.

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Naturally, the essays by different authors vary in value. The least satisfactory is the first, on Philosophy. The author, justifying the ways of St. Thomas, advances backward, like Cloten, his adversary—Bertrand Russell—fleeing ever forward to his face. He really thinks, in this day and generation, that there has been no progress, but only decline, since Aquinas, and he overlooks the one real service that the great schoolman performed for Catholicism (that of transmitting Aristotelian realism), in his endeavor to show that only "neo-Thomism" can reconcile the mysteries of faith and the demands of reason. The whole essay is a rebuttal of Russell's "anti-theism" and a discussion of his mathematical discoveries.

The apologetic interest is also visible in F. B. Jevons's lecture on Religion, aiming, as it does, to show that the essence of religion is love, and not magic or any of the primitive ideas uncovered by Frazer's researches into savage life. More remarkable is it that C. H. Herford, in his study of recent Poetry, is also concerned to show that, whereas the period began with a marked hostility to religion, it ended in finding a synthesis between piety and science. The first of the three phases into which he analyzes his subject was scientific; the second symbolic; the third was dominated by many motives, among which he distinguishes the idea of "creative evolution," the new freedom of youth, the new realism, the cult of force, and the new idealism of nation, democracy, and Catholicism.

The most brilliant essays are those dealing with the fields of thought most intensively cultivated by the last generation. Mr. Gooch shows how history has been revolutionized in perspective, in method, and in treatment, by the vast discoveries of fresh material as well as by the influence of new sciences. The picture of mankind, that used to be so neatly framed in time limits not exceeding three thousand years and in space limits of the area covered by the Semitic and European races, has now expanded to many times its original dimensions. New worlds have been conquered in the mastery of Egyptian, Babylonian, and Cretan civilizations; while the history of modern Europe has been enriched by the flood of documents poured forth from the archives. In like manner the content of history has been expanded; it is no longer past politics, but includes every human activity, economic, intellectual, social, religious, and artistic. Compared with the treatment accorded History, the studies here offered of Political Theory and of Economic Progress are slightly disappointing. The first is dedicated to an argument against the "powerful and malignant theory" of Karl Marx, and to a regretful discussion of the admitted fact that authority is gradually leaving the state to take up its dwelling in other corporations. The essay on Economic Progress is really nothing but a picture of industrial England in the year 1842. Beautifully done in its way, it is not at all what one expects from its title and place in the present collection.

Probably the average reader will find less new material in the chapter on Biology than in the one on Atomic Theories. Whereas the first performs its task satisfactorily by tracing the full development of the Darwinian hypothesis, the latter grapples with the problems that are even now crying for solution. The miracle of the universe is only matched by the miracle of thought that has so far unraveled the processes of nature that men can now measure the velocity of light and weigh the sun and the atom. The three factors to be reckoned with by the scientist are matter, electricity, and force, and each of these seems to be divisible into natural units, atoms, ions, and electrons. What is the ether, that substance which, if it exists, must combine a rigidity greater than that of steel with a fluidity greater than that of the most volatile gas? What is the meaning of the newly discovered phenomena of radioactivity, by which elements are transmuted and by which rays are generated which, could they attain a velocity equal to that of light, promise to develop an infinite force? What is the bearing of the theory of relativity? These and many like problems still baffle the trained and acute minds that have progressed so much further than former generations dreamed that they can at least ask such questions and keep sounding for the answers.

Essays on art and music complete an interesting volume. Both are subjective, and both are concerned more with aesthetics than with the actual performances of the last generation of artists and composers. Taken as a whole, the cumulative impression of these various lectures is greater than that of any one taken separately. All in all, they show that, however pessimistic recent political developments may have made us, we have every right to feel highly optimistic when contemplating the field of intellectual achievement. PRESERVED SMITH

Caliban

Caliban. By W. L. George. Harper and Brothers.

THERE are novels that make history, like "Uncle Tom's Cabin"; there are those that illustrate it, like "Caliban." Mr. George has grasped in its concrete terms one of the fundamental things in our civilization—the press. His report may not be faultlessly accurate; there may be depths he has not reached, complications he has not disentangled. But his account has great fulness of matter, dogged closeness of observation, fine solidity, and burning candor. It is astonishing enough that the popular dailies have been friendly to him and to his book at all. Their attitude must arouse in him a slightly sardonic mood. For he could turn upon each of them with the ancient and devastating remark: *de te fabula narratur.*

Bulmer is his hero. It was, perhaps, a mistake to call him Caliban. For Caliban was less than human and had something of the gentleness of the animals. Also Caliban was alone. Bulmer is never alone. It is that which makes him Bulmer. In utter physical solitude he is still the crowd, the mob, the herd. He has its aimless energy, its unreasoning jumpiness and fierceness. Incapable of reflection or repose, he understands it because he is at one with it. "He thought nothing that the most vulgar could not think, but he thought it with an intensity and brought it about with a will that gave it splendor." Cloistered and fastidious souls are unwilling even to believe in the existence of this type of hero. Yet he is all about us—in the great executive, sometimes a university president, who talks like a village parson or a ward politician as soon as he leaves the technique of his job; in the captain of industry whose leisure hours are empty if it rains on the golf-course and there are no cheap magazines at hand. These heroes do not lead men; they sum them up. Their difference from their lowliest fellows is merely quantitative. What all desire they have had the luck and energy to secure; what all would be they have become. They are the modern folk-heroes not because they set an aim but because they are images in which the folk can worship itself.

Bulmer's beginnings were small. But there was never, could never have been, any doubt as to his success. It is one thing to know that the public wants "zip," Bulmer's special brand of "pep." An aloof aesthete may share such objective knowledge and shudder. It is another thing to be Bulmer and want "zip" oneself and believe in it and worship it. Similarly he was, later on, himself often instructed and convinced by the editorials in his own newspapers. And he was speaking to himself as much as to his readers when he said: "I'll give 'em Liberalism before I've done. Liberalism and empire. Liberalism and beer; I'll show 'em that it wasn't to the tune of the harmonium that Englishmen spanked the Pope and poleaxed a king." He knew subtler and more shameful things. He knew that the love stories in his magazines should be "vicious in environment and pure in spirit" and that the big news stories must "show the public something immoral. They'll do it if it isn't found out, and vote against it if it is." And all these things he knew profoundly from within. He caught others in no snare in which he was not himself entangled. His eloquent defense of his publications, their policy and their influence, was not

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in any degree meant to drive out a lurking doubt in himself. His fire needed no fuel; it was always hot and bright. Thus at the crucial moment of his life—for we are convinced that he wanted Janet with all his heart—he pleads in words like the legend flashed on the screen during a sentimental movie: "Of course, love sanctifies!" And Janet answers: "It does nothing of the kind. Love doesn't sanctify in the way that lysol disinfects. Love happens. There's nothing holy about it or unholy." Before the realistic and critical intelligence the great Lord Bulmer, owner of a dozen newspapers, maker and breaker of cabinets, goes down to disaster like the humblest of his readers. And like that reader he has not the slightest notion of what has happened to him. He goes on multiplying his old activities, speeding he knows not whither. It is of the essence of his character that he cannot reach either beneath or beyond his public and gregarious self.

In his excellent "Literary Chapters" Mr. George asks the question: "Who is the next man?" Who of the younger British novelists is likely in time to occupy a position comparable to that now held by Conrad, Bennett, Galsworthy, and Wells? He mentions Gilbert Cannan and D. H. Lawrence; Frank Swinnerton and James Joyce; he mentions other candidates who seem to us quite negligible. He does not, curiously enough, name Somerset Maugham whose "Of Human Bondage" is the indisputably great British novel of the period. Neither, of course, does he mention himself. Yet he is himself at least as reasonable a candidate as any. It is true that he lacks grace and spiritual intensity. His words never haunt one nor do his sentences cling to the ear. But he projects the stuff of human life and character with great breadth and vigor. He did so, notably, in "The Stranger's Wedding"; he does so again and on a larger scale in "Caliban." For Bulmer does not stand alone. Three women enter into the book and all three are, beyond question, magnificently alive. There is Eleanor with her whalebone mind and her craggy frigidity; poor Hettie clinging to life through her feeble and cowardly amorousness; and, above all, Vi—elemental, stupid, astute only on a healthy sensual plane; and terribly and pathetically futile in the end. It is by the solid virtue of such creation rather than by finer graces that the novelist makes his most permanent appeal. And that virtue is the distinguishing one of Mr. George's art.

Books in Brief

THE seductive problem of social ethics is likely to prove no better than a snare and a pitfall to the unwary. It is well known that the philosopher and the sociologist are no more courteous in speaking of each other's work than common decency requires. And yet it is a pity that the two cannot work together. In a period of rapid social flux like the present, when programs disintegrate as fast as they can be integrated, any serious attempt to determine a satisfactory theory of social conduct must lean heavily upon speculation. An adequate social ethic must look to the ultimate as well as to the proximate and the practical. It dare not concern itself with programs until after it has determined to what end conduct should lead, and by what standards it must be gauged. It must examine the true nature of well-being, and in the light of this analysis estimate the several political, economic, legal, educational, and other institutions and ideals as practical contributions to the achievement of such well-being. As a result of such an examination an intelligible theory of conduct, with rational ethical sanctions, presumably will emerge. In "An Introduction to Social Ethics" (Harcourt, Brace and Howe) John M. Mecklin chooses to subordinate the philosopher to the sociologist. He assumes without inquiry that democracy is "the best solution of the social problem" because of its "practical results"; and he bases his theory of the social conscience upon the psychological argument of evolution through organization. When he turns to philosophy he lands in the camp of Spencer, holding that the good is the achievement of a mobile equilibrium. This fundamental idea of mobility involves an examination of successive historical adjustments between institutions and ideals, which brings the author to the field of applied sociology. The book is frankly designed for American readers, and with rather doubtful expediency the author makes constant and single appeal to domestic backgrounds. One clear advantage is gained by such a method: it serves to localize the problem and drive it home to Americans. The historical facts made use of are drawn largely from the contributions of recent students, and his presentation of such forces as Calvinism, the colonial home, the public school, the constitution, the industrial revolution in the United States and the frontier serve as excellent chapters in American history. One unfortunate mistake of fact should be pointed out—that of attributing to Horace Mann alone the establishment of the public school system, whereas it was the rising labor group that gave a main impulse to the movement; and there are some curious distributions of space. Far more serious, however, is the isolation of the study from any consideration of current European backgrounds. It is in Europe and not in America that the most intelligent social speculation is developing and the most suggestive experiments are being made; and the omission of any serious consideration of the great European movements—of communism, anarchism, guild socialism, syndicalism—in their revolutionary bearing upon social ethics is altogether surprising. Even in dealing with American backgrounds his examination of current collectivistic movements is of the slightest; and his comment upon the role of the business man, organized in Chambers of Commerce, is little more than casual. In the index to the volume there is a single reference each to socialism and capitalism, and none to syndicalism, trade unionism, or labor. Such gaps are hardly to be excused. The book is excellently written and will be enjoyed by moderate liberals, who will find in it abundant matter with which to buttress their liberalism. To the more radical-minded the book will make little appeal.

DR. BINET-SANGLE, author of "Le Haras Humain" (Paris: Albin Michel) and "L'Art de Mourir" (Albin Michel), has no hope for the race except through its physical amelioration. He is bitter against the Christian Church, as against all institutions which encourage the coddling of weaklings. He approves of legalizing infanticide when the offspring is imperfect, and he proposes an arrangement for the painless elimination of adult members of society who decide that life is no longer worth living and who prove their point to the satisfaction of the authorities. His earlier volume outlines a plan for the establishment of a "Ministry of Anthropogenetics," one of whose important activities shall be the conduct of a sort of eugenic experiment station, where fifty individuals of the choicest mental and physical material which the nation can furnish shall be kept for the purpose of improving the stock of the race, the men being always between thirty and forty years of age and the women between twenty-five and thirty-five. Dr. Binet-Sanglé is sure that a procedure which has improved race-horses till they can run a mile in a little more than two-thirds the time it took the best of them a hundred years ago, will be just as able to lift the human family to a stage of distinctly superior health, longevity, and efficiency. In his more recent book he makes a careful examination of each of the frequently-employed means of taking life, and decides in favor of the inhalation of nitrogen monoxide, the "laughing gas" of the dentist, as inducing unconsciousness almost immediately, and as apparently involving, in most cases, sensations rather pleasant than otherwise. He has gone into the subject carefully, and outlines in conscientious detail an elaborate procedure for administering the gas in such a fashion as to eliminate the possibility of delay or discomfort. The gods, says the poet Lucan, have concealed from men what a pleasant thing death is, so that they may not all hasten to taste of it.

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Both Dr. Binet-Sanglé's books are crammed with curious information which may prove useful at certain junctures; but the average man or woman, alas, continues to have certain "mystic prejudices" which this learned doctor deems purely illusive and acquired.

SHORTLY before the publication of the Diamond-Jubilee edition of her first novel, "The White House by the Sea," Matilda Betham-Edwards issued her last volume of reminiscences, "Mid-Victorian Memories" (Macmillan). Although less gifted than her famous cousin Amelia B. Edwards, the Egyptologist, she was a prolific writer, and her many volumes of travel and books of lively anecdotes and chatty bits of gossip about her distinguished contemporaries have all the charm of intimate conversation. From her Huguenot grandmother she inherited a love of France that led her to spend much of her time there. She was enterprising, eccentric, kindly, humorous. Her chapters on Coventry Patmore, George Eliot, Baron Tauchnitz, Lord Kitchener, and others are written with a naive simplicity, in a loose, self-acquired English style, but often throw unexpected side-lights. Have we ever imagined George Eliot playing Beethoven sonatas to please her friends, even if "too painstakingly and correctly"? Have we ever thought of her as "sauntering down Bond Street, looking into shop windows, exclaiming, 'How happy we both are that we want nothing we see here!'" Miss Betham-Edwards loved Henry James in common with numbers of notable elderly Englishwomen. Part of his letter to her apologizing for not sending one of his novels, as promised to her maid, is deliciously characteristic. " . . . 'But,' you will say, 'why didn't you send the promised volume to E. M. from London, then? What matters to us where it came from so long as it came?' To which I reply, 'Well, I had in this house a small row of books available for the purpose and among which I could choose. In London I should have to go and *buy* the thing, my own production, while I leave two or three brand new volumes, which will be an economy to a man utterly depleted by the inordinate number of copies of 'The Outcry' which he has given away and of which he has had to pay for his sanguinary (admire my restraint!) publisher allowing him half!' 'Why, then, couldn't you write home and have one of the books sent you, or have it sent to Hastings directly from your house?' Because I am the happy possessor of a priceless parlormaid who loves doing up books and other parcels and does them up beautifully, and if the vol. comes to me here, to be inscribed, I shall then have to do it up myself, an act for which I have absolutely no skill and which I dread and loathe, and tumble it forth clumsily and insecurely.'"

"A HISTORY of the New Thought Movement" (Crowell), by Horatio W. Dresser, determines the origins of the movement, sets the philosophy behind it in an historical background, and demonstrates that the upper level of the devotees of the New Thought are engaged in a serious intellectual venture. We may respect their connections though we differ from them radically and aggressively. Historically the movement is carried back to "Quimby the Pioneer," the quaintly provincial practitioner who combined an Emersonian idealism with the practice of hypnotism as then recently introduced from France. Mrs. Eddy, as is known, owed almost everything, including such health and ideas as she had, to Quimby. Her earlier writings acknowledge the debt as naively as her later retractions repudiate it testily. Another of Quimby's patients, the Rev. Warren Felt Evans, became the first writer on the subject, bringing a Swedenborgian type of belief to amalgamate with the conviction of the power of mental healing. The New Thought movement as it became explicit was substantially a reaction from the crudity of Christian Science and the idolatry of Mrs. Eddy. It took various forms reflecting the temperament and philosophic allegiances of its leaders, and gradually assumed a national and an international form. With the enthusiasm of a devotee Mr. Dresser records the origin and growth of every root and branch of the movement. At its worst inviting a recourse to a crude occultism and an alliance with threadbare "isms," at its best maintaining an irreconcilable attitude toward the scientific thinking of religious-minded people, the New Thought movement takes its legitimate place in the annals of American spiritual experience, instructive in many, and quite opposite, ways to many minds.

THE Jones Bill solemnly promised the Filipinos complete independence as soon as a stable government could be established. In "Self Government in the Philippines" (Century) Maximo Kalaw, Chief of the Department of Political Science in the University of the Philippines, sets forth facts and statistics to show that the Islands have founded a stable government that has functioned efficiently in all departments for more than two years. After a resumé of Filipino-American relations up to the time of the passage of the bill the author discusses in some detail the organization of the new government. Then in turn are considered the Philippine budget system, Filipino loyalty during the war, economic development, the extension of autonomy to municipal and provincial governments, and the policy of the government toward the non-Christian tribes. The author next argues —and on the strongest grounds—that, a stable government having been established, the Filipinos are justified in urging the redemption of America's promise. Except in a very few instances where patriotic momentum carries a little beyond warranted inferences, the book is a fair presentation of the story of Philippine progress. The tone throughout is kindly; nowhere is it querulous or impatient. The author has succeeded admirably as spokesman of his people in reflecting their gratitude toward our Government and their true fitness and intense desire to enter the world as a free young nation. Not the least pleasing feature of the book is its simple straightforward style. The young Filipino men and women taught in the American schools of the Islands think straight, talk straight, act straight. We can understand them and they us. There is no place for equivocation or juggling of words. A definite condition was set; it has been magnificently met by the Filipinos. It is now the right and duty of Congress to act.

"ENGLISH NOTES" (Lewis M. Thompson) is a parody written to pay back Charles Dickens in his own coin for "American Notes." It was published in 1842 and fell flat. Republished today, in a presentable volume instead of its original cheap newspaper form, it probably would fall as flat were it not for Mr. Joseph Jackson's Foreword. Mr. Jackson is a Dickens collector. By chance he found the long-forgotten pamphlet in a second-hand bookshop and bought it to add to his Dickens collection. But, unlike most collectors, having bought it he read it. There was no clue to the author. Puzzled, intrigued, he set to work to play the Sherlock Holmes in literature, and traced the authorship to Edgar Allan Poe. In the manner of the accomplished detective he sums up the reasons for and against and places them in separate columns, side by side. The most convincing reason *for* is that the "Notes" are signed Quarles Quickens, and Quarles was the name Poe signed a few years later to his Raven. Also, Mr. Jackson asks, who else at that date could or would have written the parody? But other reasons are less plausible. We do not like to think Poe would have chosen this anonymous public method of resenting a private grievance, however indignant he might have been with Dickens for refusing to find him a London publisher on the plea that he was "an unknown writer," or however apt to give "free vent to his feelings in his reviews of the works of his successful contemporaries"; hard blows are legitimate in criticism. Nor are we convinced by the argument that Poe "could not have risked such popularity as he had by acknowledging at the time his authorship." If he wrote the pamphlet, he was more likely unwilling to claim so dull a production, one so inferior to the work he signed. For the truth is that the pamphlet is mostly dull, a ponderous parody. Dick-

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ens, who deserved treatment at once more sprightly and more brutal, could have been none the worse for it. Its merit today is that it has served Mr. Jackson for an excellent and entertaining piece of detective work. In its present form, with this Foreword, "English Notes" must have a place on the shelves of every collector of Dickens or of Poe. The original publication seems almost beyond reach; only four copies are known by Mr. Jackson to be in existence. Nothing is added to the interest of the book by publishing the alleged portrait of Poe by Aubrey Beardsley from the collection of H. S. Nichols.

DOUGLAS GOLDRING brings a novelist's gift of facility and vividness to a miscellaneous collection of literary reminiscence and criticism which he calls, somewhat sinisterly, "Reputations" (Seltzer). Mr. Goldring cannot be accused of log-rolling with his fellow novelists. He belabors more backs than he scratches. "At every word a reputation dies." Many of them deserve to. He is particularly gratifying when he damns that confusion of values which acclaims schoolboy versifiers as poets simply because they happened to die in the war, and when he excoriates those lost intellectual leaders who either stuck a ribbon in their coats or lapsed into a protective silence when they were needed most. He seems, however, sometimes to enjoy what he quotes Ford Madox Hueffer as calling "crabbing the other fellow's benefit." It is not wholly fair to damn Arnold Bennett on the strength of his worst work; and when Mr. Goldring criticizes Hugh Walpole for being too much interested in the aristocracy and Gissing for being too much interested in the proletariat, he is judging an author by his subject matter rather than by his achievement, and thus commits what modern criticism considers the sin against the Holy Ghost. At least, however, Mr. Goldring is never dull.

Drama

Underworld

AMERICAN literature is said to be looking up. Discounting the wilder claims and prophecies, one may gladly admit a vigorous stir in poetry and in criticism. If the production of sound fiction, novels that are both creative and true, is still small, one can at least dismiss all anxiety for this branch of literary art. No American novel that has distinction or promise need go begging. The publishers yearn and pray for such manuscripts and will leave their offices in search of them. A different story must be told of the drama. If an American playwright of the caliber of, let us say, Dreiser or Hergesheimer, the Strindberg-Hauptmann or the Donnay-Schnitzler type were to appear, he would not perhaps be mute; he would assuredly be inglorious.

He would, quite naturally, come to New York to see the managers. He would find them heavily guarded by underlings and excessively elusive. He would be told to leave his "script" and given a perfunctory assurance that it would be examined. Then an empty silence would fall upon him. He would seek to break this silence by telephoning or by repeating his call at the manager's office. In vain. Publishers can be reasoned with, since they can be seen. Managers melt into thin air. Our American dramatist, presumably young, would sink into a kind of limbo of the spirit—a gray and forlorn region. Recalling the glow of creation and the deep urgency of his ambition, he would seek to find other roads to the theater. He would be aware of the fact that two or three dramatic critics in America spend their strength doing battle for precisely the kind of play he has written. To these he will now address himself. He will ask George Jean Nathan or even the humble writer of these words to read his manuscript and will be bitterly disappointed by the result. Yet the critic is quite helpless. How is he to know that this particular play is a masterpiece? He must either read all manuscript plays that come to him or none. Since life itself forbids the former course and since discrimination would be both unjust and futile, he chooses the latter. He does so the more calmly as he knows his influence with managers to be almost wholly limited to suggesting the kind of thing they already want. Mr. J. D. Williams's production of Eugene O'Neil's "Beyond the Horizon" offers a solitary exception. But O'Neil's one-act plays had previously been given a hearing through the Provincetown Players, and profited by the circumstance that Mr. Nathan prints one-act plays in the *Smart Set*. To Mr. Arthur Hopkins and to the Theater Guild our stage owes inestimable benefits. The production of a single seriously good play of native origin is not among them.

Our young dramatist, shivering in his hall bed-room, will now remember as a last resort that playwrights and players have often worked together. He will seek out prominent actors and actresses. If by virtue of social adroitness, a gift for flattery, and an ingratiating manner—qualities likely to be his in inverse ratio to his talent and nobility of purpose—he succeeds in interviewing "stars," he will find, first, that they are commonly "owned" by managers quite as baseball players are and have to play in the plays provided, and, secondly, that they themselves are not looking for good plays, but for grateful and preposterously showy parts. This point they will make clear to him with a gigantic and unblushing simplicity of mind.

In these fruitless efforts our dramatist will have spent at least six months. A dullness will have fallen upon his spirit; his fastidiousness and sensitiveness will show rents and callouses. In his rooming-house, at restaurants, on Broadway itself, in the reception rooms of managers, he hears interminable talk concerning the art and business by which plays are "gotten on." A tall, youngish man is encouraging. He is about to have a play produced by a new manager. It took him eight years. An elderly person with a moist sputter and a crumpled face is bleak on the whole subject. Years ago he was co-author of a successful farce. Now he broods bitterly over a trunkful of unproduced plays. Our young dramatist shudders, but he listens. He has nothing else to do. "You've got to give the managers what they want." "Yes, but what do they want?" The feeble talk eddies back and forth. Somebody says in a rough, tired, oracular voice: "Alf. Stone's secretary once said to me, says he: 'What the boss wants is melodramas to make people die of fright or bedroom farces to make 'em die laughin'.'" Our dramatist happens to come upon another group. Here the talk is of the gorgeous profits of the gilded hacks, of the fabulous fees paid by the great film corporations for scenarios and "movie rights." "Yes," some one says, "'is alright. But there's no use submitting scenarios. They steal 'em. You got to get next." That phrase throbs in our dramatist's aching head. It sums up his situation. He has spent his years on the noblest of the arts, not on the art of "getting next." But concerning his art he has not heard a syllable spoken. He has slipped into an underworld of spiritual prostitution. These people watch the plays with the largest box-office receipts. These they imitate. Then they fawn and cajole and treat underlings to luncheon and wait weary hours in managers' offices to "get next." Swiftly our dramatist walks to the office of the manager who has had his play for the past five weeks. He demands his manuscript. A young woman with rosy nails and brilliantined hair fetches it languidly from an inner sanctuary. No interest has been shown, no report communicated. He has not "gotten next."

This account is no fanciful one. It is based on hard facts. It may be replied that we have no American dramatists of the nobler kind. But how are we to tell? It is certain that a young Ibsen or Hauptmann or Shaw would meet in New York today the fate described and would withdraw in just and austere wrath to his native province. Those that remain and sink into the underworld of the theater and at last succeed on its terms are not they for whom we are waiting or whom our drama needs.

LUDWIG LEWISOHN

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International Relations Section

German Solvency and Reparations

FOREWORD

THE NATION *is doing a great public service in publishing the most important of the three briefs submitted by the German Government at the Spa Conference. This publication is especially opportune at the present time because of the worldwide interest in the International Financial Conference that is just beginning its sessions at Brussels under the auspices of the League of Nations. The brief that* THE NATION *is publishing summarizes the two other briefs, one of which is a study by twenty leading economists, financiers, and bankers of the "Economic Capacity of Germany," and the other a discussion of the present "Charge of Taxation in Germany," by the Ministry of Finance. These briefs make a most important contribution to the world's knowledge of economic and financial conditions in Germany which must be considered in connection with any plans for the economic regeneration of Europe. All three briefs have been subjected to close and critical scrutiny by the Allied experts. My information is that the substantial accuracy of the facts and statistics they present is not disputed in any responsible quarter, although the soundness of some of the conclusions drawn by the German Government and their experts as to the extent of Germany's ultimate capacity to make indemnity payments is questioned. The briefs show how completely the Treaty of Versailles denuded Germany of the ships, foreign investments, international credit, and working capital that were the foundation of her export trade and foreign commerce. After allowing for all possible differences of opinion, there is no escape from the conclusion that the economic recovery of Germany and her ability to make indemnity payments to France and her Allies are in great measure dependent upon the active help of other nations. The problem of Germany's economic and industrial rehabilitation is primarily a world problem rather than a purely German problem.*

PAUL D. CRAVATH

THE brief presented by the German Delegation at the Spa Conference in July, 1920, on the subject of "Germany's Solvency for the Purpose of Reparations," was in large part prepared by the economist, Dr. Bonn. It reads as follows:

I

German economics before the war had to solve the problem how to feed an ever growing population placed on a comparatively small territory. This had been achieved on the whole satisfactorily, on the one hand by developing economic international relations, on the other hand by an increase of home production, especially in agriculture—the result of the application of intensive methods.

In spite of all, Germany would never have been able to support her population by agriculture and industry alone. Taking an average of some years, German imports considerably exceeded her exports. This excess was balanced by services of the German mercantile marine rendered to foreign nations, by the returns from German capital invested abroad, and the income derived from German enterprise and labor in foreign countries, especially in the higher grades of employment.

The economic condition of the German people had been improving comparatively quickly before the war. Their income in general increased slowly but steadily. Although the giant incomes yielding big income tax returns formed a much smaller proportion of all incomes in Germany than they do in English speaking countries, progress was noticeable in every direction. The burden of taxation was comparatively small, as the total requirements for Empire, states, and municipalities amounted to 4,478 million marks or 67.85 marks per head of the population. Although there was no reliable census of production, the value of German production before the war has been estimated at between 40 to 50 billion marks. The national income was estimated at 40 to 45 billion marks, and the nation's wealth by various methods at 200 to 400 billion marks. These estimates were rather optimistic as, owing to defective methods, they did not differentiate between mere non-productive wealth and productive capital. The only reliable returns, the assessment to the levy on capital of 1913 (Wehrbeitrag 1913), showed unencumbered taxable wealth of just over 180 billion gold marks. By adding productive capital free of tax and by including non-productive capital which might be sold abroad, the total reached would not be more than 220 billion gold marks.

Even if these estimates were considered fairly accurate in the past, they are quite useless for the present time. The loss of the ceded territories will bring about a reduction of 10 per cent, to which must be added the loss of the colonies and of enterprise abroad. The greater part of Germany's stock of foreign securities was used up during the war. Moreover, the war, armistice, blockade, revolution, peace, and their consequences have transformed German economics and have lowered the capacity for production in many of the most important trades to not quite one-half of their former output.

According to the terms of the Treaty of Versailles the population, which is reduced in number but not in density, is expected to contribute a large share of its diminished total production. Germany has pledged itself to devote its economic resources to the reparation of capital damages. Its capacity to furnish goods from its output will be limited in proportion to the amount of working capital ceded for reparation.

The payment of the first 20 billion marks, to be completed by May 21, 1921, must be considered as a levy on capital, in so far as the cession of ships of the mercantile marine, of cables, state property, proceeds from liquidation, and the delivery of cattle, machinery, etc., is concerned, while the annual delivery of coal, coal products, dyes, shipbuilding, reparation work, etc., constitutes a more or less regular charge.

The first payment will take away from Germany part of her working capital and the income resulting from it, which by its very nature is almost irreplaceable.

At a rate of 10 per cent, this amounts to a loss of 2 billion gold marks per annum or 20 billion paper marks—reckoning one gold mark as ten paper marks—without taking into consideration the value of the material which cannot be fully expressed in cash.

The second payment is a charge on German production: a delivery of 43 million tons of coal is equal to 34 per cent of today's total output; the carrying out of even the shipbuilding clauses equals 40 per cent of the building capacity of the German shipbuilding yards before the war. A delivery of only 12 million tons of coal, calculated at the low German prices, requires a payment of 3 billion paper marks per annum; its real value at world market prices amounts to about 1.2 billion gold marks or about 12 billion paper marks. Two hundred million gold marks or about 2 billion paper marks are needed to pay for the delivery of 200,000 tons of shipping. Even if demands for reparation proper were spread over a number of years, Belgian demands, so far the only ones presented, are already running into billions. To this must be added the cost of the armies of occupation, certainly several billion paper marks per annum.

Starting on the other hand from an interpretation of the

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peace treaty, that Germany is obliged to pay interest and sinking fund on a total of 40 billion gold marks as a beginning, this will be equivalent to a yearly charge of almost 2.4 billion paper marks.

The regular payment of such sums must depend on the presumption of a strong active trade balance, whatever terms may be taken as a basis, as Germany, after ceding her claims and after delivering her capital invested in ships and oversea enterprises, can only pay with goods. German exports therefore must not only pay for her necessary imports and for the interest and the repayment of credits granted to her, they must furthermore be large enough to provide payment of the regular reparation annuities.

II

Is Germany's economic structure able to bear such burdens? The population of Germany totalled on October 8, 1919, about 60 millions. It has lost one-fifth to one-fourth of the men engaged in following an occupation. The actual loss of lives is over 1.7 millions. In addition, there are 1.5 millions wounded and disabled who can do no work or only do it to a limited extent. Notwithstanding the severe conditions of life in cities, the urban population has increased slightly; more than one-third of the people live in towns of over 50,000 inhabitants. This town population is existing today under especially trying conditions. As building has long ago come to a standstill, the pre-war addition of about 200,000 dwellings a year is not forthcoming. The feeding of the urban population has but slightly improved. After a temporary improvement during the summer of 1919, the food rations guaranteed to the town population have increased once more to only 40 to 60 per cent of the caloric minimum, while the cost of the daily minimum required for adults has risen from six marks to ten marks from January, 1919, to March, 1920. The coal shortage has reduced heating and lighting to such a low level as to be scarcely endured by an underfed population.

Physically and psychically people are not what they used to be, especially the industrial population. Many years must elapse before the younger generation will have recovered from the results of underfeeding. The output per head of the workers has gone down compared with pre-war conditions. Notwithstanding a shortening of the working day in the coal mines, the output per head per hour in the Ruhr district had declined from 136.3 kilograms in 1913 to 127.5 kilograms taking an average for the months July to December, 1919. Already toward the end of the war, a falling-off of one-third in the efficiency of labor had to be taken into account. Although the number of men in the service of the Prussian-Hessian State Railways is double what it was before the war, the total amount of work achieved has risen very slightly. Moreover, the capacity for doing skilled work has declined, many highly trained men having lost their acquired skill by doing rough work for such a long time, while the younger generation has never had any real technical training, having been in the trenches or in the munition factories.

The soul of the people has changed. The sense of duty and the love of order have disappeared in many cases, a result of the shattering of nerves through the war. Their place has been taken by an easily provoked irritability.

The decrease of efficiency, the shortening of the working day, which took place in most countries, are regrettable indeed from the point of view of production. It was unavoidable and necessary to ease the psychical and physical strain. Recovery could not be expected within a measurable time without a letting-up in every sphere of life. Continued exertion at full pressure must have led to psychical, physical, and social collapse rather than to an increase of production, unless it were preceded by a process of recuperation.

The distress may not be felt to the same extent by the wealthier classes of the population, as they have broken into their capital and in many cases have used it up almost entirely in the attempt to keep alive; they realize, however, the psychical depression due to the loss of the war, and the obvious impossibility of rising again, in spite of the greatest exertions, is paralyzing their energy.

That applies especially to the hundreds of thousands expelled from abroad, from the colonies and the ceded territories, who have certainly the will and the strength to resume their life's work, but who are prevented from returning to the place of their former activities, while Germany has little room to offer for the display of their abilities.

Some members of the former leading social classes, especially officers, are living in very straitened circumstances. They have no private means, and as no opportunities are offered them either at home or abroad to give vent to their energy, they add to the general unrest, which must prevail in a country just now unable to satisfy even the mere physical wants of its population and which cannot show the masses a way out of their misery apart from Utopian promises. These promises have an exceptionally disastrous effect on the brain workers, who are reduced to bitter want, and whose income today is very often much smaller than that of the manual workers.

Agriculture

German agriculture before the war furnished about 90 per cent of the vegetable food, 67 per cent of meat and fats, 50 per cent of milk and milk produce of the home demand. The cessions of territory, as a result of the peace treaty, have reduced the area fit for agriculture by 13.5 per cent. This loss weighs the more heavily as the ceded territories produced more than their inhabitants required. They furnished to the rest of the Empire in the bad harvest year 1917-1918 nearly half a million tons of grain, more than one million tons of potatoes, and 100,000 tons of sugar.

The fertility of the soil has diminished during the war, because it could neither be plowed properly nor sufficiently manured. During this time only about 35 per cent of the average quantity of nitrates and phosphates used before the war could be put on the land annually; the number of draught animals and the possibility of getting agricultural machinery and implements were reduced by 40 per cent. During the last stage the farmers had only about one-tenth of the fodder used for animal consumption which they had been in the habit of purchasing before the war. That is why the harvest last year fell off 40 per cent in grain, 50 per cent in potatoes, and even 66 per cent in raw sugar within the present German confines. The number of cattle was reduced by 10 per cent, of pigs by 40 per cent. Moreover, the dead weight of cattle was reduced by 40 per cent, of pigs by 25 per cent, and the production of milk has gone down from 24.4 billion liters to 9 billions. Taking it all round, one must reckon with a falling-off of production of 40 per cent in vegetable foods and 60 per cent in animal foods.

This loss can only be made good very slowly. The shortage of fertilizers has been intensified by the cession of territory. The loss of the iron ore deposits in Luxemburg, Lorraine, and the Sarre basin has curtailed the home supply of basic slag (Thomas phosphate) by at least 600,000 tons; one would have to reckon with double that quantity, if the standard of pre-war production were to be reached once more. In 1919 the farmers received only one-fifth of the phosphates they needed in peace times and one-third of the nitrates used in pre-war days. The shortage of coal has interfered with the working of agricultural factories, with the distribution of goods, and the production and transportation of fertilizers; the delivery of 35,000 tons of benzol will make the use of agricultural machinery difficult.

The handing over of highly bred cattle, and especially of horses, must impair the breeding of live stock, which has deteriorated; moreover, it will reduce the supply of draught animals for agriculture, which is already very short.

Germany imported 25 per cent of her timber requirements in time of peace; as they can no longer be met at present by im-

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portation from abroad, and as the normal annual growth is insufficient, devastation will take the place of orderly forestry.

German agriculture is falling back on much less intensive methods. Apart from the shortage of all means of production, the rapid depreciation of the paper mark is proving a very great hindrance. Owing to the shortage in raw materials and the high prices, the towns can produce very few articles which the country people are willing to buy. The farmers are beginning to get suspicious of the paper money; they reduce the working of their holdings more and more to satisfy merely their own requirements; the continuation of state control over the most important agricultural products, which must go on for some time yet, is meeting with an ever growing opposition, making the organized provisioning of the German population increasingly difficult. The proportion of home grown agricultural produce for sale is diminishing, while the proportion of food which must be imported is increasing. German agriculture today is furnishing the towns with not quite 1,200 calories (including the non-rationed goods and the illicit trade [*Schleichhandel*], at the utmost with 1,600 to 1,650 calories) per head per day. There is a deficit of at least 1,100 calories per head, or an annual total of 20,000 billions for the entire population entitled to rations. To cover this deficit completely, the importation of 9 million tons of food and foodstuffs is required. Even after the importation of 5.5 to 6 million tons for human and animal consumption, which is contemplated for the next year and which will cost today 3.5 billion gold marks, there would still be a considerable deficit in the food supply. German agriculture will be able to contribute to the feeding of the German people as before only after complete reconstruction, principally by means of importing food for cattle, and fertilizers. Agriculture today plays no part in German exports, whereas before the war sugar stood sixth in value of all German exports.

The price of imported food is much higher today than the price of the home-grown article on account of the low rate of exchange; so it does not exercise any influence on the fluctuation of prices. To bring it within the reach of the poorer classes, it was necessary for the Government to take over part of the cost; in this way the Government had to supply nearly 10 billion marks for the period July, 1919, to June 30, 1920.

Industry

German industry has to solve a threefold problem. It has to provide work and employment for the industrial population, which constitutes 43 per cent of the total population. Emigration cannot be taken up again on a large scale, in spite of a great desire for it, so long as German emigrants are not welcome everywhere. Moreover, the high rates of passages are prohibitive and make emigration impossible for the poorer classes; the steerage passage to New York costs 6,000 marks.

As the income derived formerly from the mercantile marine and from capital invested abroad no longer exists, it is German industry which must furnish regular payment for the import of food and raw material. After this has been achieved to a certain degree, it can face its third task, the creation of values for purposes of reparation.

German industry before the war was built up largely on the coal and iron supply of Germany. Even the important industries which used large quantities of foreign raw material were in a fairly safe position through the ample supply of cheap coal and the cheap freight rates. These conditions no longer exist.

Germany has lost 70 to 75 per cent of her iron ore output; she can look forward to an annual output of only 6 to 7.5 million tons of ore. Germany will retain three-fifths only of her former plant for the production of iron and steel, with a capacity of producing 12 million tons of iron at the utmost, or three-fifths of her former production. In order to achieve this, she must import at least 12 million tons of high grade ore from abroad. As the cost of getting this ore is very great, the maximum production which can be reckoned with today is about 7 to 7.5 million tons of pig-iron. To produce these 7 to 7.5 million tons Germany would require about 2.4 million tons of minette from Lorraine and Luxemburg, 2.7 million tons of Swedish ore, and 1.4 million tons of Spanish ore, apart from chisel. This would barely cover the minimum demand for iron goods of 600,000 tons per month, or 7.2 million tons per annum. If the iron industry is to provide the means of payment for the imported ore, it must export an eighth to a sixth of the finished goods. Only the surplus above the minimum of home requirements and above the payments for the ore is available for the payment for other imports or for reparation purposes. The quantities of iron and steel indispensable for the reconstruction proper of Germany are not procurable; shipyards alone would require 45,000 tons per month. The German iron industry therefore will be transformed into a finishing industry, working to a great degree with imported raw materials.

The output of German coal in the year 1919 amounted to 108 million tons, Upper Silesia included, or 57 per cent of the output of 1913. This reduction cannot be made good by the insignificant increase from 87 million tons to 94 million tons in the output of lignite. As the quality of the coal is 12 to 15 per cent inferior on account of the bad condition of the mines and of the lowered efficiency of labor, the heating power of the total coal supply in Germany, without the Sarre basin, coal and lignite combined, amounts to but 57 per cent of that of the pre-war output; if Upper Silesia were excluded, the figure would have been only 47 per cent. Moreover, the consumption for the use of the mines and the quantity allowed to the miners has increased on account of their large numbers.

The probable output of coal for 1920 will be 126 million tons, if there is no interruption in the regular work. Of this about 71 million tons are available for house fuel, for industry, and for agriculture. The allotment to households cannot be further reduced if social order is to be maintained among the underfed population in the cities of Germany. In 1919 only 1,800 pounds of coal or 51 per cent of the ration allotted to each household, were distributed on an average throughout Germany. Nor is it possible to reduce the supply allowed for industry and agriculture any further, if the collapse of all social life is to be prevented. The production of potash, nitrate, and sugar, threshing by machinery, and transportation have already suffered heavily under the shortage of coal. Such industries as brick-making and cement works which use exclusively German raw materials have been reduced to one-fifth or one-fourth of their total working capacity, on account of the shortage of fuel. For similar reasons the china and porcelain factories, in spite of their splendid trade outlook, are able to carry out only 40 per cent of the orders they were able to undertake in pre-war days. In centers of glass-making, such as Fürth, 30.8 per cent of the population were out of work in April, 1920. In November, 1919, there were 8,530 factories requiring more than ten tons of coal per month each which did not get any coal at all; nearly half a million employees were dependent upon them. During the period from October, 1919 to March, 1920, only 57 per cent of the total reduced coal demand of the entire industry could be complied with.

An increase in the output of coal will be possible in course of time. During the last few months a good many extra shifts have been worked. The number of miners has been increased by the incessant efforts of all parties concerned; in the Ruhr district alone it has grown from 395,000 to 479,000. Even greater in proportion is the increase in the lignite districts. Although the number of miners has increased 21 per cent, the daily output has so far gained only 10 per cent.

A further expansion of production is possible only if the mines can be restored to their former technical condition and if the additional miners are properly housed. About 150,000 additional miners are wanted. The cost of building the required accommodation was estimated in October, 1919, at 3 to 4 billion marks; today it would be almost 15 billions.

The money can be got by raising the price of coal, but as long as bricks, tiles, builders' lime, and cement cannot be had because the industries producing them are short of coal, the em-

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ployment of additional miners, and with it the increase in output, can proceed but slowly.

Any possible increase in production would be completely nullified by the loss of Upper Silesia. Reckoning there with an output of only 30 million tons—the pre-war output was 44 million tons—Germany would lose the use of the 18 million tons a year over and above the requirements of Upper Silesia. She would have to pay for her own purchases and would lose the proceeds of any coal sold abroad.

Apart from a few industries like the potash and the chemical industries, which even today enjoy a certain privileged position, nearly all German exporting industries have been brought down to the level of a finishing industry. Raw materials are bought wholly or partly abroad at prices depending on the rates of foreign exchange. Only concerns which reexport their total output of finished goods need not trouble much about these fluctuations.

As long as there is an enormous unsatisfied demand in Germany, and as long as the population suffers for want of clothing and boots, German industries ought to work, partly at least, for the home market, and to have some regard for its purchasing power. Without credits only such surplus can be sold at home as remains over after a sufficient quantity of finished goods has been exported in payment for the imported raw material. There is a famine in goods, which may not be immediately apparent as the public is now awaiting a fall in prices and the total amount of goods available from time to time for its satisfaction is very small. The nearer industries get to the highest point of their working capacity, the greater proportionately will be the quantity of goods at the disposal of the home market. They cannot get there, however, because on the one hand the price of the raw materials needed is too high—it would take 4.5 billion gold marks to provide the textile trade with all the raw material and half finished goods they could use—and because on the other hand the inadequate supply of coal permits only a few industries to work at more than 50 per cent of their real capacity; in some centers of the textile trade the number of unemployed was as high as 87 per thousand inhabitants in the month of April.

The financing of industries is getting more and more difficult. The enormous rise in prices and wages shows that the working capital of many concerns is inadequate. An increase in capital must follow, which very often is equivalent to a watering of stock, because the chances of increased profits do not grow correspondingly. High taxation is unavoidable; when carried through it will swallow up the liquid means of industry.

Transportation

The breakdown of the German transportation system aggravates the situation. The loss of the rolling stock caused by the armistice has never been made good. The number of engines, it is true, has increased, but 45 out of every 100 are now in the repair shops, while before the war there were only 19. So far no improvement has been possible, in spite of a temporary increase of the hands employed in the repair shops from 70,000 to 162,000. The shops cannot always get sufficient supplies of coal and iron, the efficiency of the men has declined, and added to all this is a shortage of railway coal, its poor quality, and the absence of sufficient reserve stocks; the stock on hand covers on an average only a little more than ten days' supply, so that even a short interruption in the flow of supply often causes a stoppage of trains. The passenger service is limited to barely one-fourth of the fast trains and to one-half of the passenger trains running before the war; the number of cars available for freight in 1919 was 18 per cent less than in the previous year, and 42 per cent below that of 1913. The state of the permanent way is gradually getting very precarious; for want of material only 1 per cent repairs are being carried out on main lines as against 5 per cent formerly. Very much the same conditions exist with regard to inland navigation. Motor transport is handicapped by the shortage of gasoline.

Although freight rates have been raised by about 490 per cent and passenger rates by 350 to 599 per cent over the pre-war level, the former surplus of the German railways has been turned into a deficit, which will be at least 14 billion marks for the year 1920. Traffic could not stand a new rise of freights.

Commerce

German commerce has lost a large part of its financial strength on account of the war and its consequences. Its assets abroad have been sequestered and partly liquidated. The losses abroad, so far recorded, which have been inflicted on German nationals are estimated by the parties concerned at above 20 billion gold marks. These investments were a very important support to Germany's oversea trade. As the compensation for such losses will be paid in German currency, subject to deduction of taxes, the persons affected will not be able to resume their activities abroad. The personal connections of German merchants with the former enemy countries have almost been destroyed; and they are heavily handicapped by their liabilities to neutrals, which must be paid in foreign currency.

German commerce has not only lost its *points d'appui* in the former enemy countries and in the colonies, but it will suffer greatly with regard to its oversea connections by the loss of the German cables. Moreover, it has been deprived of its most important tool for the reconstruction of German economic life, merchant shipping. It will be heavily burdened in future with charges payable in foreign currency to foreign enterprises for news service, banking, insurance, and freight. The balance of payments is continuously deteriorating.

Commerce at home has lost a large share of its opportunities through war time syndicates and the operation of public control of trade. The middle classes, which were closely connected with it, are badly shaken. The place of honest trade has been widely usurped by profiteers, who are discrediting it and who carry out its most important functions in a very inefficient manner. Moreover, they do not take the place of honest trade as far as Germany's economic strength is concerned, because they have succeeded and will always succeed in shirking their liabilities toward taxation, just as they have done in other countries, notwithstanding all measures against them.

Total Production

The physical output of German agriculture has fallen, it is estimated, 40 to 60 per cent; in very few cases has industry been enabled to work 50 per cent of its pre-war capacity. The physical deterioration of industrial plants may be estimated in most cases at 50 per cent of the pre-war status.

The value of German production expressed in paper marks is at the present time, of course, much higher than before the war. This is easily accounted for by the revolution in prices which has taken place since August 1, 1914. The prices of all commodities have risen enormously, especially lately, but this rise is unevenly distributed. Taking 100 as the index figure at the outbreak of the war, the price of rationed food has risen to 600; the total cost of food required, in Berlin, has increased from 800 to 900; during the same period the index figure in house rent rose only from 100 to 120, while in steel ingots it rose to 2,620, in Silesian coal to 1,035, and in cotton fabrics to 5,000. Wages more than doubled between November, 1918, and February, 1920; since the beginning of the war their index figure rose from 100 to 570.

It cost 26.55 marks per week to feed an adult in Berlin in July-August, 1919, and 71.43 marks in April, 1920, a rise of 169 per cent. So the race between prices and wages, and between wages and prices, never stops.

This rise in prices is caused on the one hand by the growth of additional purchasing power, which is partly indicated by the increase of the German paper circulation. The total circulation has grown from 5.5 billion marks (paper issues and coin) on July 23, 1914, to 59 billion marks on March 31, 1920; this includes neither the emergency circulation issued by municipalities

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and states nor the notes of private banks of issue. This figure embraces 45.2 billion marks notes of the Reichsbank and 13.7 billion marks *Darlehenskassenscheine* (Loan Bank Certificates). The gold reserve of the Reichsbank covers only 1.8 per cent of the bank notes and the loan bank certificates in circulation. It is estimated that about 20 billions of the total paper circulation of nearly 60 billions issued are held abroad. So far their influence on prices at home is only indirect. All the stronger is the influence exercised by the additional demand for goods, created by Germany's great need of credit and especially by the issue of treasury bills.

On the other hand there is but an insufficient supply of most kinds of goods. As production cannot expand quickly in spite of high prices because the productive power is exhausted, prices are forced up by the combined effect of a glut of paper money and of a shortage of goods. Nor can the importation of goods bring about a quick adjustment, as home prices are often below world market prices on account of Government control and of the attempt to fix them. A low exchange rate, the result of temporary economic exhaustion, and unrestricted imports over frontiers not under control of the Government may stimulate exports, but must raise the cost of imports. At the same time, a sudden rise of the exchange is causing new trouble to economic life, as the ever rising cost of living is forcing up wages and as the purchasing power of the public is slowly declining, while raw material has been bought in many cases on particularly unfavorable terms.

The depreciation of money varies in different parts of Germany. But everywhere the paper wealth of the German people has grown, while their capacity to produce commodities has everywhere declined, in agriculture and industry alike. Consequently, the German people are apparently able to carry a much heavier burden of taxation, payable in paper marks, than before the war. The services, however, which they must render according to the peace treaty will have to be paid in gold marks. As the wealth of the nation has been estimated at 220 billion gold marks before the war, it can only be valued at 100 billions today, taking into consideration the cession of provinces in the east and in the west, the loss of the whole mercantile marine, the disposal of foreign securities, the liquidation of enterprise abroad, the complete using up of all merchants' and manufacturers' stocks, and the depreciation of all means of production caused by wear and tear during six years. From this must be deducted German indebtedness abroad, which may be 8 or 10 billion marks.

Balance of Trade

Germany is a debtor state today, even before she has begun with her annual payments according to the peace treaty. Total exports between August, 1914, and the end of 1918 were only 16.5 billion marks against total imports of 31.8 billion marks during the same period. From January, 1919, to February, 1920—fourteen months—imports were 50 billion marks, exports 17.6 billion marks valued at prices correspondingly raised above the standard prices used by the Imperial Statistics Office for 1918. Taking further into consideration the imports of Germany's former allies for Germany's account during the war of 5 or 6 billion marks, and illegal imports via the occupied territory estimated at about 13 billion marks up to the end of February, 1920 (which may partly be balanced by illegal exports of perhaps 5 billion marks), a total excess of imports over exports of 60 billion marks will be reached. Of this figure 4.5 billion marks have been paid since July, 1914, by the export of gold, 5.6 billion marks by the sale of securities. There remains a total foreign debt for Germany of about 50 billion marks, payment for which has been postponed partly by the operation of credits and partly by acceptance of German bank notes. Payments for interest and amortization must be made on these credits. The bank notes estimated at 20 billion marks, which have gone abroad to some extent as a result of "the flight of capital," do not bear interest, but cannot be considered as a definite payment.

Germany is starting on her way to reconstruction with a heavy debit balance. At present there exists no possibility of repaying this debt, although the Reichsbank has always managed to liquidate its foreign exchange liabilities punctually, as the holdings of foreign securities remaining in German hands are of very little importance. Every fall in the rate of exchange adds to the liabilities, especially as ocean freights must be paid in foreign currency. At the same time Germany must import large quantities of food and raw materials to bring about the recovery of her people. The minimum estimate for next year is 5.5 to 6 million tons of food, .75 million tons of raw materials for the manufacture of fertilizers (mainly phosphates), and 14 million tons of raw materials for industrial purposes.

It is doubtful whether relief in this direction can be expected from the ceded territories which formerly sold more to the rest of Germany than they bought from her. The continuation of their sales is assured to them through tariff arrangements during the years of transition. But Germany has no guaranty that the agricultural areas of the east and west will send their food and raw material to Germany instead of sending them to the countries with which they have been incorporated. Even supposing the districts ceded to Poland would continue to send food, and Lorraine to send minette, which has been done so far to a very limited extent only, Germany will have to pay world market prices for them. A quarter of a million tons of sugar implies a payment of 5 billion marks, the importation of 3 million tons of minette requires 300 to 400 million marks. A deterioration of the balance of payment must be the result, as the total value of Germany's exports to the ceded territories will not balance their imports into Germany, and the difference will scarcely be made up by dividends and rents in favor of German nationals.

The largest part of essential imports, almost 12.75 million tons, must be carried across the sea from countries with a high exchange, and the stiff rates of ocean freights payable by Germany must be added to the purchase price. The estimated cost of indispensable food imports is 3.3 billion gold marks. This will not bring about a complete recovery of the German people, nor will it do away with the terrible shortage of all necessaries of life, nor give full employment to German factories. An extra importation of 12 million tons of additional food and foodstuffs would be needed, if the German population were to attain once more the pre-war standard of living, when 3,285 calories per day per head were available. Imports then amounted to 11 million tons, but the lessened production of German agriculture must be taken into account. In a similar way the importation of raw materials will be cut down. Before the war the textile industry, including Alsace-Lorraine, required 940,000 tons; it will not get more than 385,000 tons, which will enable the mills to run at 50 per cent of their working capacity. Imports without doubt can be cut down considerably, but in doing this manufacturers will be prevented from satisfying the urgent home demand, or the trade will be incapacitated from exporting considerable quantities as payment for their own raw materials and for the food needed.

German exports in the future may range between 35 to 40 billion paper marks. Against this the value of the imports of indispensable food and raw materials will be 80 billion marks. The nature of German exports will differ rather from that of the exports of the past. Some of its most important items, apart from sugar, consisted of goods manufactured mainly from German raw material. The loss of the iron ore districts will transform iron and steel making, which was the basis of all German industries, into a finishing (*Veredelungs*) industry. Such finishing industries can be considered as assets in the balance of trade only so far as the value of the exported finished goods exceeds the value of the imported raw material. The smaller the working capacity of an industry supplied with raw material, and the larger the home demand for its goods, the less available it will be in regard to other items of the balance of trade. A finishing industry is an asset in the balance of

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trade only to such degree as the demand of the home market can be cut down; as Germany is empty today of all important commodities, this can be done only within narrow limits, or by working the plants at top speed, so that the quantity set apart for the home demand, though actually large, is but a small part of the total output. . . .

German plants would have to work to the full limit of their manufacturing capacity in order to bring about an active balance of trade. This is checked by the shortage of coal. The obligation to deliver coal in compliance with the treaty of peace must prevent the finishing industries from completely fulfilling their task even if the output of coal is increased, as it partly deprives Germany of the coal, the elementary raw material, on which all German industries, finishing industries as well as basic industries, must rely.

Under present conditions Germany's balance of trade must be unfavorable. It can only become favorable again if the forces of German economic life are working at top speed. To achieve this Germany must for some time import the foodstuffs and raw materials which she requires to invigorate her people and to satisfy their most urgent needs. After that she must receive the raw materials needed to get her factories into full swing. This process will take some years, as Germany must get the goods needed from abroad against credits. As the payments for interest on credits must burden German business life and as the unstable rate of exchange may jeopardize payment, great caution is needed.

Contrary to this development, the peace treaty really presupposes a favorable balance of trade. After the cession of capital goods contained in the first instalment of 20 billion marks, and after the sale of valuable private property which at the present moment helps to swell German exports, future payments must be carried out by the export of commodities produced year by year. An attempt might be made to transfer German capital abroad on even a larger scale than has been done at present in consequence of the peace treaty or by the "sales" due to the bad exchange. This, however, can only be done at the expense of Germany's economic strength and by jeopardizing the stipulated annual instalments. The latter's capital value on the international money market depends on the assumed certainty of their being paid. A regular annual payment of 2.4 billion gold marks, as contemplated by the peace treaty after 1926, can be carried out only by an excess of German exports over imports covering that amount. It is hardly likely that Germany can throw even half of her former exports on the market, especially if the treatment of "a most favored nation" is denied to her for five years. The total value of German exports will therefore scarcely reach the total value of her former exports, even if a rise in the prices of commodities in the world market from 150 to 200 per cent is taken into account. Exports worth 2.4 billion gold marks would certainly amount to 25 to 30 per cent of the total exports. This can only be considered if production were to increase sufficiently to provide goods for the payment of liabilities according to the peace treaty after other goods have been made available for the payment of indispensable imports. To set aside goods for the payment of reparation liabilities as long as the value of exports does not exceed the value of imports, is an attempt to settle an old debt by contracting a new one.

III

Germany cannot undertake larger reparation liabilities than her economic structure enables her to bear. The possibility of doing this will be limited, moreover, by the state of her public finance. All payments rendered by Germany to other nations must in the end be provided out of the budget of the German Reich from such funds as taxpayers are going to place at the disposal of the Government. If this cannot be done, a debauch of borrowing and an unlimited increase of paper issue must follow. The depreciation of money must increase, while production will decrease. Imports must cease, and although the falling rate of exchange will temporarily stimulate exports as a kind of premium and for the time being may lead to dumping and unfair competition, even this impetus must shortly fail, as neither raw materials nor food can be got abroad. Without such imports, it can hardly be expected that even Germany's present limited economic strength can be kept up.

The recovery of German economic life is impossible without a recovery of the German monetary system; a recovery of the German monetary system depends on German finance being put in order, especially by the regulation of the floating debt; and the ordering of German finance in its turn depends on the total amount of the liabilities under the reparation clauses of the peace treaty and on the manner in which they will have to be met. The ordinary budget of the country balanced with 2.4 billion marks in the year 1913, apart from the services managed by the Government; the ordinary budget for 1920, based on the figures of April, 1920, estimates an expenditure of 27.9 billion marks. This does not include the huge deficit of the Government services, which have their own separate budget, postal service (probable deficit one billion marks), railways (probable deficit 14 billion marks). This huge expenditure can be met at present only by the issue of floating debts.

On March 31, 1920, the funded debt amounted to 92 billion marks. It has increased very little since the end of the war, as the premium saving bonds loan brought in only about 4 billion marks, half of which has been paid for with war loans. On the other hand, there is a steady growth of treasury bills. The amount outstanding rose from .4 billion marks at the beginning of the war to 48 billion marks on September 30, 1918, i. e., a monthly average increase of 935 million marks. From October 1, 1918, to March 31, 1920, the average monthly increase has reached 2.4 billions.

On March 31, 1920, the total floating debt of the Reich consisting of treasury bills amounted to 91.6 billion marks. There are other short termed liabilities of the Reich reaching 13.5 billion marks. Thus on March 31, 1920, the total floating debt of the Reich was 105 billion marks. Moreover, the states have contracted a floating debt of another 16 billion marks up to March 1, 1920.

The effect of this floating debt on the circulation of notes is at present only partly direct. Of 91.6 billion treasury bills discounted by the Reichsbank by the end of March only 42.7 billions were held by it. The remaining 48.9 billions were in other hands, constituting a danger to the Bank, the gravity of which must not be underrated. When the money market tightens up with the resumption of economic activities, or if there were a panic, these 48.9 billions would return to the Reichsbank for rediscounting, and the note issue would have to be increased on a very much larger scale than has been done up to now.

The paper money issue (notes of the Reichsbank, of the private banks of issue, currency notes, and loan certificates) has increased from 2.7 billions on June 30, 1914, to 26.7 billions on October 31, 1918, and to 60.3 billions on April 23, 1920.

At present there is no possibility of paying back or of funding the floating debt. The savings of the German people are not large enough to convert 1,600 marks per head of the population into a funded debt without withdrawing indispensable working capital from industry and trade. There is even no hope at present of stopping the further increase of the floating debt.

The ordinary budget of the Reich for 1920 estimates a current expenditure of 23.8 billion marks, to which must be added at least 8 billion marks for the states and municipalities, making a total current expenditure of 32 billion marks, or 533 marks per head of the population. The proceeds of the taxes recently voted and of the old taxes are expected to yield permanently 30.95 billion marks. This would mean that revenue falls permanently short of expenditure by over a billion marks. To this must be added for the present about 4 billion marks non-recurring expenditure of the Reich for 1920 on the ordinary budget and the very large extraordinary budget of at least 12 billion marks. The probable deficits of the railways of 14 billion marks, and of

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the postoffice of one billion marks, are not included in it. As the taxes will not come in until late in the financial year, they will figure to some extent in the next budget only. It is quite impossible at present to get a clear idea of the amount of the total deficit.

One must not forget, moreover, that the "morale" of the taxpayers has suffered greatly. In face of very high taxation certain classes of the population which were formerly to be depended upon as taxpayers may succumb to the temptation to defraud. Notwithstanding severe legal enactments, "the flight from taxes" has already set in strongly. Direct taxation is weighing very heavily on income. It varies for the different sources of income. Taking an income of 10,000 marks as starting point, it ranges from 11.7 per cent, 19.95 per cent, and 35.05 per cent to 59.52 per cent, 63.52 per cent, and 70.72 per cent on an income of 10 million marks. To this must be added non-recurrent levies. A distinction is made between old wealth and new wealth (war profits). Old wealth has to pay from 5 per cent on 10,000 marks to 54.18 per cent on 10 million marks, whilst the enormous percentage of 98.49 per cent is taken from new wealth (war profits) amounting to 10 million marks. . . .

On the other hand, it is very difficult at present to raise existing indirect taxation still higher. In a period of a low standard of living, of a serious falling-off of consumption, and of soaring prices for staple goods, higher indirect taxes do not promise larger returns. The Government was compelled to set aside 10 billion marks or about 160 marks per head of the population from July, 1919, to June 30, 1920, in order to cheapen imported food. Under these circumstances it is politically impossible in a democracy to secure a vote for indirect taxation, which is sure to lower the standard of living of the masses.

German finance is in a precarious state. Radical remedies will not save it. If Germany were to declare itself bankrupt—a suggestion which is sometimes made—social order would be turned into chaos. The German war loans were taken up by a large percentage of the population. These persons are supporters of the existing order for the time being. If their small savings turned out to be worthless, they would surely be driven into the camp of social anarchy. Moreover, such a violent measure would bring about the collapse of industry and social life. The German economic system is based on credit to a very large degree. The savings banks have invested many billions in Reich and state loans. The joint stock banks, as the great credit givers of the country, are holding large amounts of treasury bills; nearly fifty billions of treasury bills were in other hands than the Reichsbank's on March 31, 1920. As the largest part of the German national debt is held at home, a declaration of insolvency would reduce the income of the taxpayer (on account of the ever widening field of the catastrophe) to a much greater degree than could be made good by the wiping out of taxes for the debt charge.

The execution of the peace treaty in its present form must increase the dangers to German finance. The treaty assumes an initial payment of 60 billion gold marks. This means a charge of about 1,000 gold marks or about 10,000 paper marks per head of the population, taking the value of the mark at 10 per cent of the par value. A family of four would owe 40,000 marks according to the treaty; it would have to raise 2,400 marks per annum on a 6 per cent basis for interest and sinking fund. As the present estimates already provide for an expenditure of over 30 billion marks, a family of four would be charged with 4,400 marks taxes. Each member would have to render 1,100 marks. Many earned incomes have risen lately with the increased cost of living; with others this has not been the case, in spite of the reduced purchasing power of money. According to the assessments for the Prussian income tax for the year 1918, 81.21 per cent of the Prussian taxpayers had an income not exceeding 3,000 marks, another 16.08 per cent had an income of less than 9,500 marks.

The German Government are of the opinion that the sum of 20 billion gold marks, which must be paid up to May 1, 1921, will be covered, if not exceeded by deliveries already completed or in process of completion. The value of the coal mines in the Sarre basin, the surrendered ships, the Reich's and states' property in the ceded territories, railway material and rolling stock, goods of a non-military character left behind, coal already delivered, etc., will exceed the stipulated amount.

As regards private property, the Government must redeem it and pay compensation. To redeem 20 billion gold marks, 200 billion paper marks are needed. Compensation may perhaps be reduced by heavy taxation, so that the Reich may be spared an expense it is unable to bear. By doing this, those classes which require capital for resuming their economic connections abroad will be crippled financially.

This state of affairs is even more serious where the periodically recurring annual charge is concerned. The delivery of about 12 million tons of coal per annum will burden the budget with several billion marks every year.

To carry out the obligations of the treaty, at least 24 billion marks a year must be provided for in the budget. The value of 2.4 billion gold marks equals today about 24 billion paper marks. This would in effect double the current expenditure of the Reich, the states, and the municipalities. Each fall in the rate of exchange must automatically increase this financial burden.

Even if the Government were able to balance the ordinary budget by heroic measures, and to stop the further increase of the floating debt, the financial clauses of the Versailles treaty would push it again and again on to the road leading to bankruptcy. The taxable wealth of the German people is not great enough. . . . The Government would be compelled to borrow over and over again, and this means floating debts.

The German Government is expected on the one hand to balance revenue and expenditure by straining every nerve, and to stop inflation by reducing the floating debt; it is forced on the other hand to increase its expenditure continuously, and to accelerate the issue of notes.

The charges on German finance must automatically lead to an increase of the floating debt. The growth of the floating debt in turn must automatically be followed by a growing note circulation, and by a new depreciation of money and a new rise of prices. Under present conditions rising prices cannot lead to increase in production; they prevent sound economic calculation, and cause a severe struggle for higher wages. The paper value of German production is growing indefinitely, but the real value expressed in gold must decline with the increasing difficulty of getting imports for feeding the people and with the cessation of domestic production. Every rise in prices is followed by new demands for higher wages, and every concession to labor is overtaken by a fitful rise of prices. Payments due abroad remain unchanged; but when production is falling they absorb a relatively larger share of the total produce at the disposal of the German people. As they must be paid for by the issue of new paper money, prices rise further still. Higher prices increase the burden of the payments due abroad for the next year. Under such circumstances German finance cannot recover, notwithstanding severe treatment of capital and income.

The collapse of German finance is the natural result of the war and its consequences. In this respect there is no difference in principle between the position of Germany and that of other countries. The fundamental difference in Germany's situation is due to the fact that, as a result of the peace treaty, she is not able freely to choose the ways and means which could lead to the recovery of her economic life and to the salvation of her finance.

Without freedom of economic action, and without economic cooperation with other nations, Germany can neither rebuild her economic life nor put her financial affairs in order. Without financial order Germany cannot punctually meet her liabilities. If freedom of economic action is restored to Germany, there is hope that her people, trained to work, will put all their strength into economic reconstruction.

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